

# OLYMPIA SPINNING & WEAVING MILLS LIMITED

## COMPANY INFORMATION

### BOARD OF DIRECTORS

**CHAIRMAN AND CHIEF EXECUTIVE** : **M. WAQAR MONNOO**

MR. SIRAJ SADIQ MONNOO  
MR. SYED EJAZUDDIN  
MR IMRAN MONNOO  
MR. SYED AYAZUDDIN  
MR. MUHAMMAD ANWAR SAIGAL

### AUDIT COMMITTEE MEMBERS

**CHAIRMAN (EXECUTIVE)** : M. WAQAR MONNOO  
**MEMBER (NON-EXECUTIVE)** MR IMRAN MONNOO  
**MEMBER (NON-EXECUTIVE)** MRS.GHAZALA WAQAR

**CHIEF FINANCIAL OFFICER** : MR. ASIM JAFFERY

**COMPANY SECRETARY** : MR. MUHAMMAD ANWAR SAIGAL

**LEGAL ADVISOR** : M/S. A.K. BROHI & CO. ADVOCATE

**AUDITORS** : MUSHTAQ & COMPANY

CHARTERED ACCOUNTANTS  
HASRAT MOHANI ROAD, KARACHI.

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

**PRINCIPAL/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**  
**DIRECTORS REPORT**

The Directors have pleasure in presenting their un-audited accounts of the Company for half year ended December 31, 2011. During the period under review the amount of sales (net) was Rs.982,062,882/- as compared to previous corresponding period sales of Rs.2,282,676,246/- which shows the decrease of 56.97 % over previous periods sales.

Financial results for three months period ended December 31<sup>th</sup> 2011 are as under:

	HALF YEAR ENDED		QUARTER ENDED	
	December 31, 2011 RUPEES	December 31, 2010 RUPEES	December 31, 2011 Rupees	December 31, 2010 Rupees
Sales	982,062,882	2,282,676,246	590,901,151	1,371,793,467
Cost of sales	(914,371,350)	(2,116,519,136)	(511,199,868)	(1,237,046,187)
<b>Gross profit</b>	67,691,532	166,157,110	79,701,283	134,747,280
Distribution Cost	(8,811,863)	(27,234,440)	(4,979,994)	(19,011,797)
Administrative expenses	(31,949,901)	(24,114,620)	(21,402,070)	(14,594,300)
Other operating income	1,200,618	6,124,442	552,421	3,899,116
	(39,561,146)	(45,224,618)	(25,829,643)	(29,706,981)
<b>Operating profit</b>	28,130,386	120,932,492	53,871,640	105,040,299
Finance cost	(86,216,310)	(96,184,146)	(45,638,638)	(48,097,219)
<b>Profit / (Loss) before taxation</b>	(58,085,924)	24,748,346	8,233,002	56,943,080
<b>Taxation:</b>				
Current	(10,088,537)	(20,769,280)	(6,176,920)	(13,316,250)
<b>Profit / (Loss) after taxation</b>	<b>(68,174,461)</b>	<b>3,979,066</b>	<b>2,056,082</b>	<b>43,626,830</b>
<b>Earnings per share-Basic and diluted (Rupees)</b>	<b>(5.68)</b>	<b>0.33</b>	<b>0.17</b>	<b>3.64</b>

**FINANCIAL RESULTS:**

The financial results for half year ended December 31, 2011 have resulted in net loss after tax of Rs. 68,174,461/-. Gross profit percentage has decreased from 7.27% to 6.89 % as compared to the previous corresponding period. The company restricted its sales and production during the period to avoid further losses due to wide fluctuations in raw cotton and yarn prices. The cotton prices have been fluctuated from Rs 13000/maund to Rs 4800/mound during the year 2011 that makes very difficult for spinners to procure cotton viably. The company also curtails its production

to the extent of available yarn orders. Further the loss for the period is mainly due to unavailability of working capital, continuous rising prices of energy, increasing dollar rate and due to double digit general inflation which increases cost of other inputs. The auditors repeat their last year remarks in their review report regarding legal cases of cross currency swap and recovery suit filed by banks. We are hopeful that we will amicably restructure our liabilities with our valued bankers.

**FUTURE PROSPECTS:**

To overcome the negative financial effects of wide fluctuations in material prices, liquidity crunch and continuous increase in the financial cost and input prices, the management is very cautiously operating its activities. There is no change in contingencies since the date of last balance sheet date.

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: 29<sup>th</sup> February, 2012**

**M.WAQAR MONNOO  
Chief Executive/Director**



## Auditors' Report to the Members on Review of Condensed Interim Financial Information

### Introduction

We have reviewed the accompanying condensed interim balance sheet of **Olympia Spinning & Weaving Mills Limited** as at December 31, 2011 and the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of comprehensive income, and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as "condensed interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures for the quarters ended December 31, 2011 and 2010 in the condensed interim profit and loss account have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2011.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Basis of Qualified Conclusion

- (a) 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. No confirmation was received from bank. Confirmation was sent. Had the company accounted for currency SWAP losses, the loss of the company would have increased by Rs. 293.35 million.
- (b) Bank Al-Falah Ltd had filed recovery suits in the High Court of Sindh and in banking court for Rs. 197.68 million for the loan balances of banking facilities alleging the unauthorized utilization / lifting of pledged stock by the company. The company is defending the case in the high court. The Company has not recognized the markup amounting to Rs. 12.111 million in the account. No confirmation was received from the Bank. Confirmation was sent. Had the company accounted for the markup, the loss would have increased by Rs. 12.111 million.

# MUSHTAQ & CO.

## CHARTERED ACCOUNTANTS

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

**Branch Office:** 501-B, city Towers, Gulberg-II, Lahore. Tel: 35788637 – Fax: 35788626

Email Address: mushtaq\_vohra@hotmail.com

Member of



Illinois, USA

- (c) The company has filed a counter recovery suit number 1614 of 2010 dated 20.10.2010 in the High Court of Sindh against Bank Al-Falah Limited and its Muqddam M/s Asif Associates (Pvt.) Limited for Rs. 172.63 million plus interest for recovery of company's pledged cotton which was in the custody and control of the defendants.

### Qualified Conclusion

Based on our review, except for the matter referred to in the preceding paragraphs (a),(b) and (c), nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared in all material respects, in accordance with the approved accounting standards as applicable in Pakistan.

We draw attention that the accumulated loss of the company stands at Rs. 821.540 million. The current liabilities exceed current assets by Rs. 450.473 million. The going concern assumption is based on the financial support/ commitment by the sponsors/directors as mentioned in note 1.5.

**Mushtaq & Co;**  
Chartered Accountants  
**Engagement Partner:**  
Shahabuddin A. Siddiqui F.C.A

Karachi: **Date:** \_\_\_\_\_

**OLYMPIA SPINNING & WEAVING MILLS LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
**AS AT DECEMBER 31, 2011**

	<b>December-2011</b>	<b>June-2011</b>
	<b>Rupees</b>	<b>Rupees</b>
	<b>(Un-Audited)</b>	
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
AUTHORISED CAPITAL		
13,000,000 Ordinary Shares of Rs.10/= Each	130,000,000	130,000,000
Issued, subscribed & paid up capital	120,000,000	120,000,000
General reserve	3,580,053	3,580,053
Capital reserve	44,665,822	44,665,822
Unappropriated loss	(821,540,934)	(757,932,303)
	(653,295,059)	(589,686,428)
Surplus on revaluation of property, plant & equipment	1,092,667,595	1,097,233,425
<b>NON-CURRENT LIABILITIES</b>		
Long term financing	1,084,338,648	1,114,867,088
Liabilities against assets subject to finance lease	8,184,191	8,877,566
Deferred liabilities	5,805,313	4,535,754
<b>CURRENT LIABILITIES</b>		
Trade and other payables	766,995,031	691,596,675
Interest/mark-up on loans	41,317,778	34,083,541
short-term borrowings	306,036,981	254,216,981
Current portion of		
-long-term financing	54,008,792	46,429,452
-liabilities against assets subject to finance lease	19,933,651	31,269,824
	1,188,292,232	1,057,596,474
Contingencies and commitments		
	<b>2,725,992,920</b>	<b>2,693,423,879</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	1,938,449,246	1,944,631,853
Long term deposits	5,058,182	6,373,372
Long term investment in subsidiary	44,665,822	44,665,822
<b>CURRENT ASSETS</b>		
Stores and spares and loose tools	21,861,530	21,365,279
Stock in trade	374,068,031	208,092,957
Trade debtors-considered good	158,816,496	305,588,578
Other Financial Assets	8,300,000	8,300,000
Loans and advances	125,350,510	113,926,933
Income Tax & Sales Tax	38,242,219	30,334,965
Other receivables	2,280,734	2,087,120
Cash & bank balances	8,900,150	8,057,000
	737,819,669	697,752,832
	<b>2,725,992,920</b>	<b>2,693,423,879</b>

*The annexed notes form an integral part of these financial statements*

**CHIEF EXECUTIVE**

**DIRECTOR**

Karachi:

Date: 29 February, 2012



**OLYMPIA SPINNING & WEAVING MILLS LIMITED**

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2011

	HALF YEAR ENDED		QUARTER ENDED	
	December 31, 2011 RUPEES	December 31, 2010 RUPEES	December 31, 2011 Rupees	December 31, 2010 Rupees
Sales	982,062,882	2,282,676,246	590,901,151	1,371,793,467
Cost of sales	(914,371,350)	(2,116,519,136)	(511,199,868)	(1,237,046,187)
<b>Gross profit</b>	<b>67,691,532</b>	<b>166,157,110</b>	<b>79,701,283</b>	<b>134,747,280</b>
Distribution Cost	(8,811,863)	(27,234,440)	(4,979,994)	(19,011,797)
Administrative expenses	(31,949,901)	(24,114,620)	(21,402,070)	(14,594,300)
Other operating income	1,200,618	6,124,442	552,421	3,899,116
	(39,561,146)	(45,224,618)	(25,829,643)	(29,706,981)
<b>Operating profit</b>	<b>28,130,386</b>	<b>120,932,492</b>	<b>53,871,640</b>	<b>105,040,299</b>
Finance cost	(86,216,310)	(96,184,146)	(45,638,638)	(48,097,219)
<b>Profit / (Loss) before taxation</b>	<b>(58,085,924)</b>	<b>24,748,346</b>	<b>8,233,002</b>	<b>56,943,080</b>
<b>Taxation:</b>				
Current	(10,088,537)	(20,769,280)	(6,176,920)	(13,316,250)
<b>Profit / (Loss) after taxation</b>	<b>(68,174,461)</b>	<b>3,979,066</b>	<b>2,056,082</b>	<b>43,626,830</b>
Earnings per share-Basic and diluted (Rupees)	<b>(5.68)</b>	<b>0.33</b>	<b>0.17</b>	<b>3.64</b>

The annexed notes form an integral part of these financial statements.

**CHIEF EXECUTIVE**

Karachi:

Date: 29 February, 2012



**OLYMPIA SPINNING & WEAVING MILLS LIMITED****CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)****FOR THE HALF YEAR ENDED DECEMBER 31, 2011**

	HALF YEAR ENDED		QUARTER ENDED	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	RUPEES	RUPEES	Rupees	Rupees
<b>Profit / (Loss) for the period after taxation</b>	(68,174,461)	3,979,066	2,056,082	43,626,830
Other Comprehensive Income:	-	-	-	-
<b>Total comprehensive Income / (loss) for the period</b>	<b>(68,174,461)</b>	<b>3,979,066</b>	<b>2,056,082</b>	<b>43,626,830</b>

*The annexed notes form an integral part of these financial statements.*

**CHIEF EXECUTIVE****DIRECTOR**

Karachi  
Date: 29 February, 2012

**OLYMPIA SPINNING & WEAVING MILLS LIMITED**

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**

**FOR THE HALF YEAR ENDED DECEMBER 31, 2011**

Note	Share Capital	Revenue Reserve	Capital Reserve	Accumulated (Loss)	Total Rupees
Balance as at 1-07-2010	120,000,000	3,580,053	44,665,822	(801,719,502)	(633,473,627)
Profit for the half year ended 31st December, 2010	-	-	-	3,979,066	3,979,066
Transfer from surplus on revaluation of property, plant & equipment for the half year ended Dec 31, 2010				4,784,727	4,784,727
Balance as at 31-12-2010	<u>120,000,000</u>	<u>3,580,053</u>	<u>44,665,822</u>	<u>(792,955,709)</u>	<u>(624,709,834)</u>
Total comprehensive Profit for the period from 01-01-2011 to 30-6-2011	-	-	-	30,238,680	30,238,680
Transfer from surplus on revaluation of property, plant & equipment for the period 01-01-2011 to 30-06-2011				4,784,727	4,784,727
Balance as at 30-6-2011	<u>120,000,000</u>	<u>3,580,053</u>	<u>44,665,822</u>	<u>(757,932,302)</u>	<u>(589,686,427)</u>
Total comprehensive loss for the half year ended 31st December, 2011	-	-		(68,174,461)	(68,174,461)
Transfer from surplus on revaluation of property, plant & equipment for the half year ended Dec 31, 2011.				4,565,830	4,565,830
Balance as at 31-12-2011	<u><u>120,000,000</u></u>	<u><u>3,580,053</u></u>	<u><u>44,665,822</u></u>	<u><u>(821,540,934)</u></u>	<u><u>(653,295,059)</u></u>

*The annexed notes form an integral part of these financial statements.*

**CHIEF EXECUTIVE**

**DIRECTOR**

Karachi:

Date: 29 February, 2012

**OLYMPIA SPINNING & WEAVING MILLS LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2011**

	<b>December-2011</b>	<b>December-2010</b>
	<b>RUPEES</b>	<b>RUPEES</b>
<b>CASH GENERATED FROM OPERATION</b>		
Profit/Loss before taxation	(58,085,924)	24,748,346
Adjustment for non cash charges and other items:		
Depreciation	28,713,624	28,696,497
Finance cost	86,216,310	96,184,146
Provision for Gratuity	5,152,909	3,192,509
	<u>120,082,842</u>	<u>128,073,152</u>
Operating Profit before working capital changes	61,996,918	152,821,498
(Increase)/Decrease in current assets:		
Stocks, stores and spares	(166,471,325)	(120,580,679)
Trade debts	146,772,082	(108,649,120)
Loan and advances	(11,423,577)	17,586,285
Other Receivables	(193,614)	288,349
	<u>(31,316,434)</u>	<u>(211,355,164)</u>
Increase/(Decrease) in current liabilities:		
Trade and other payables	75,398,356	102,925,338
<b>Cash generated from operations</b>	<u>106,078,840</u>	<u>44,391,672</u>
Taxes paid	(17,995,792)	(31,216,309)
Finance cost paid	(78,982,073)	(309,830,571)
Gratuity-net	(3,883,350)	(4,320,350)
Long term deposits	1,315,190	(3,430,000)
	<u>(99,546,025)</u>	<u>(348,797,230)</u>
Net cash from operating activities	6,532,816	(304,405,558)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(22,531,016)	(6,939,630)
Net cash (used in)/from investing activities	(22,531,016)	(6,939,630)
<b>CASH FLOW FORM FINANCING ACTIVITIES</b>		
Long term finance	(22,949,100)	614,423,840
Short Term Finance	51,819,999	(283,073,067)
Repayment of lease liabilities	(12,029,548)	(18,976,353)
Net cash used in financing activities	16,841,351	312,374,420
Net increase / decrease in cash and cash equivalents	843,150	1,029,233
Cash and cash equivalents at the beginning of the year	8,057,000	3,757,001
Cash and cash equivalents at the end of the year	<u><b>8,900,150</b></u>	<u><b>4,786,234</b></u>

*The annexed notes form an integral part of these financial statements.*

**CHIEF EXECUTIVE**

**DIRECTOR**

Karachi:

Date: 29 February, 2012

**1. STATUS AND NATURE OF BUSINESS**

- 1.1** 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** Bank Alfalah Ltd has filed suit in the high court of Sindh and in banking court for recovery of Rs. 197,675,768 for the loan balances against the banking facilities provided by them due to non payment and unauthorized utilization/lifting of pledged stock by the company . The company is defending the case in the high court and banking court.
- 1.3** 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. No confirmation was received from bank. Confirmation was sent. Had the company accounted for currency SWAP losses, the profit of the company would have decreased by Rs. 293.35 million.
- 1.4** The company had filed a counter recovery suits against Bank Alfah Limited and its muqaddam Asif Associates (Pvt) Ltd in the high court of Sindh for Rs. 172,628,533/- plus interest for recovery of pledged cotton which were in possession and control of defendents. Till the finalization of accounts, no significant development has taken place.
- 1.5** The cumulative loss of the company stands at Rs. 821.540 million. The current liabilities exceed current assets by Rs. 450.473 million .The directors have given their commitment that in case the decision of the high court and banking court is against the company , they will meet the obligation by their own resources. The going concern assumption is based on the financial support/commitment by the sponsors/directors.

**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 Finance Reporting Standard (IFRS) 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 as at and for the year ended 30th June, 2011.

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Karachi, Lahore and Islamabad Stock Exchanges and section 245 of the Companies Ordinance, 1984.

These condensed interim financial statements comprise of condensed interim Balance Sheet, condensed interim Profit & Loss Account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes for the half year ended December 31, 2011 which have been subjected to a review but not audited. These condensed interim financial statements also include the condensed interim Profit & Loss Account for the

**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, 2011

**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 as at and for the year ended 30 June, 2011.

4.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2011.

## 5 CONTINGENCIES AND COMMITMENTS

### CONTINGENCIES

5.1 There have been no significant changes in Contingencies since Last Balance Sheet as at June 2011.

	DECEMBER 31, 2011	JUNE 30, 2011
	RUPEES	RUPEES
5.2 COMMITMENTS		
Capital Commitments for civil works	719,000	-
Letter of credit - import of cotton	8,125,700	121,088,740

## 6 ACQUISITION AND DISPOSAL OF FIXED ASSETS

	(UN-AUDITED)		(AUDITED)	
	December 31, 2011		JUNE 30, 2011	
	Acquisition	Disposal	Acquisition	Disposal
	Rupees		Rupees	
Plant and machinery	11,088,865		21,418,228	-
Office equipment	209,280	-	219,030	-
Factory Tools & Equipment	35,000	-	435,000	-
Furniture and fixture	13,600	-	16,800	-
Motor vehicles	1,451,040	-	10,905,314	(2,598,889)
Capital work in Progress*	9,733,231		19,425,844	
<b>Total</b>	<u>22,531,016</u>	<u>-</u>	<u>52,420,216</u>	<u>(2,598,889)</u>

\* This relates to construction of a building for installation of a Paper Plant.

## 7 STOCK IN TRADE

The carrying value of pledge stock amount to Rs.163,163,548/-

## 8 TRANSACTIONS WITH ASSOCIATED UNDERTAKING

	(UN-AUDITED) December-2011	(UN-AUDITED) December-2010
	RUPEES	RUPEES
Electricity purchased	<u>115,729,525</u>	<u>100,284,954</u>

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

## 9 EVENT AFTER THE BALANCE SHEET DATE:

There were no significant event since the balance sheet date.

## 10 DATE OF AUTHORISATION FOR ISSUE:

These financial statements were authorised for issue on February 29, 2012 by the board of directors of the company.

## 11 GENERAL

Figure have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR

Karachi:

Date: 29 February, 2012

**OLYMPIA SPINNING & WEAVING MILLS LIMITED**  
**DIRECTORS REPORT ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The Directors have pleasure in presenting their Unaudited Condensed Consolidated Interim Report of the Group for six months ended December 31, 2011 for your consideration and approval. The Olympia Group comprises financial statement of Olympia Spinning & Weaving Mills Limited and Olympia Power Generation (Pvt) Limited.

The Directors report on the performance of Olympia Spinning & Weaving for the period ended 31 December, 2011 has been presented separately.

**GROUP RESULTS**

The operating results of the period under review has resulted in net loss before taxation of Rs.48,186,629/- with net sales of Rs.982,062,882/-

	<b>For period ended December 31, 2011 Rupees</b>	<b>For period ended December 31, 2010 Rupees</b>
<b>Gross Sales</b>	982,062,882	2,282,676,246
<b>Gross Profit</b>	83,973,859	171,823,857
<b>Profit from Operation</b>	38,348,594	123,543,886
<b>EPS</b>	(4.86)	(0.44)

**OLYMPIA POWER GENERATION (PVT) LIMITED**

Olympia Power Generation (Pvt) Limited, groups subsidiary earns good profit of Rs 9.89 million with sales of Rs 97.229 million and remain successful in achieving its target. The company is expecting continued inflationary pressure during the next year & plans to cope with it by considering alternative source of revenue and internal cost savings.

**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 factor for achieving the present results.

For and on behalf of the Board

Karachi: 29<sup>th</sup> February, 2012

M.WAQAR MONNOO  
Chief Executive/Director

**OLYMPIA SPINNING & WEAVING MILLS LIMITED**  
**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UN-AUDITED)**  
**AS AT DECEMBER 31, 2011**

	<b>December-2011</b>	<b>June-2011</b>
	<b>Rupees</b>	<b>Rupees</b>
	<b>(Un-Audited)</b>	
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
AUTHORISED CAPITAL		
13,000,000 Ordinary Shares of Rs.10/= Each	130,000,000	130,000,000
Issued, subscribed & paid up capital	120,000,000	120,000,000
General reserve	3,580,053	3,580,053
Capital reserve	44,665,822	44,665,822
Unappropriated loss	(787,767,503)	(730,098,448)
	(619,521,628)	(561,852,573)
Non-Controlling Interest	52,292,837	48,333,119
Surplus on revaluation of property, plant & equipment	1,092,667,595	1,097,233,425
<b>NON-CURRENT LIABILITIES</b>		
Long term financing	1,085,652,400	1,116,320,086
Liabilities against assets subject to finance lease	8,184,191	8,877,566
Deferred liabilities	5,914,352	4,588,688
<b>CURRENT LIABILITIES</b>		
Trade and other payables	776,073,417	691,336,813
Interest/mark-up on loans	41,317,778	34,083,541
short-term borrowings	307,933,875	254,740,413
Current portion of		
-long-term financing	63,158,980	65,236,132
-liabilities against assets subject to finance lease	19,933,651	31,269,824
	1,208,417,700	1,076,666,724
Contingencies and commitments		
	<b>2,833,607,447</b>	<b>2,790,167,035</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	2,067,904,738	2,073,637,248
Long term deposits	5,058,182	6,373,372
<b>CURRENT ASSETS</b>		
Stores and spares and loose tools	32,479,168	28,154,093
Stock in trade	374,068,031	208,092,957
Trade debtors-considered good	158,816,496	305,588,578
Other Financial Assets	8,300,000	8,300,000
Loans and advances	135,904,749	119,269,831
Income Tax & Sales Tax	38,404,449	30,425,019
Other receivables	2,280,734	2,087,120
Cash & bank balances	10,390,901	8,238,818
	760,644,527	710,156,415
	<b>2,833,607,447</b>	<b>2,790,167,035</b>

*The annexed notes form an integral part of these financial statements*

**CHIEF EXECUTIVE**

**DIRECTOR**

Karachi:

Date: 29 February, 2012

**OLYMPIA SPINNING & WEAVING MILLS LIMITED**

**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2011

	HALF YEAR ENDED		QUARTER ENDED	
	December 31, 2011 RUPEES	December 31, 2010 RUPEES	December 31, 2011 Rupees	December 31, 2010 Rupees
Sales	982,062,882	2,282,676,246	590,901,151	1,371,793,467
Cost of sales	(898,089,023)	(2,110,852,389)	(509,370,184)	(1,235,752,833)
<b>Gross profit</b>	<b>83,973,859</b>	<b>171,823,857</b>	<b>81,530,967</b>	<b>136,040,634</b>
Distribution Cost	(8,811,863)	(27,234,440)	(4,979,994)	(19,011,797)
Administrative expenses	(38,014,020)	(27,169,973)	(24,188,887)	(16,095,130)
Other operating income	1,200,618	6,124,442	552,421	3,899,116
	(45,625,265)	(48,279,971)	(28,616,460)	(31,207,811)
<b>Operating profit</b>	<b>38,348,594</b>	<b>123,543,886</b>	<b>52,914,507</b>	<b>104,832,823</b>
Finance cost	(86,535,223)	(97,494,461)	(45,803,079)	(48,695,986)
<b>Profit / (Loss) before taxation</b>	<b>(48,186,629)</b>	<b>26,049,425</b>	<b>7,111,428</b>	<b>56,136,837</b>
<b>Taxation:</b>				
Current	(10,088,537)	(20,769,280)	(6,176,920)	(13,316,250)
<b>Profit / (Loss) after taxation</b>	<b>(58,275,166)</b>	<b>5,280,145</b>	<b>934,508</b>	<b>42,820,587</b>
<b>Attributable to:</b>				
<b>Equityholders of the parents</b>	<b>(62,234,884)</b>	<b>4,759,713</b>	<b>1,383,137</b>	<b>43,144,084</b>
<b>Non-Controlling Interest</b>	<b>3,959,718</b>	<b>520,432</b>	<b>(448,629)</b>	<b>(323,497)</b>
	<b>(58,275,166)</b>	<b>5,280,145</b>	<b>934,508</b>	<b>42,820,587</b>
Earnings per share-Basic and diluted (Rupees)	<b>(4.86)</b>	<b>0.44</b>	<b>0.08</b>	<b>3.57</b>

The annexed notes form an integral part of these financial statements.

**CHIEF EXECUTIVE**

Karachi:

Date: 29 February, 2012



**OLYMPIA SPINNING & WEAVING MILLS LIMITED**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2011

	HALF YEAR ENDED		QUARTER ENDED	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	RUPEES	RUPEES	Rupees	Rupees
<b>Profit / (Loss) for the period after taxation</b>	(62,234,884)	4,759,713	1,383,137	43,144,084
Other Comprehensive Income:	-	-	-	-
<b>Total comprehensive Income / (loss) for the period</b>	<b>(62,234,884)</b>	<b>4,759,713</b>	<b>1,383,137</b>	<b>43,144,084</b>

*The annexed notes form an integral part of these financial statements.*

**CHIEF EXECUTIVE**

**DIRECTOR**

Karachi  
Date: 29 February, 2012

**OLYMPIA SPINNING & WEAVING MILLS LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2011**

Note	Share Capital	Revenue Reserve	Capital Reserve	Accumulated (Loss)	Sub-Total	Non-Controlling Interest	Grand-Total
Balance as at 1-07-2010	120,000,000	3,580,053	44,665,822	(783,011,835)	(614,765,960)	42,248,994	(572,516,966)
Profit for the half year ended 31st December, 2010	-	-	-	4,759,713	4,759,713	520,432	5,280,145
Transfer from surplus on revaluation of property, plant & equipment for the half year ended Dec 31, 2010				4,784,727	4,784,727	-	4,784,727
Balance as at 31-12-2010	<u>120,000,000</u>	<u>3,580,053</u>	<u>44,665,822</u>	<u>(773,467,395)</u>	<u>(605,221,520)</u>	<u>42,769,426</u>	<u>(562,452,094)</u>
Total comprehensive Profit for the period from 01-01-2011 to 30-6-2011	-	-	-	38,584,221	38,584,221	5,563,693	44,147,914
Transfer from surplus on revaluation of property, plant & equipment for the period 01-01-2011 to 30-06-2011				4,784,727	4,784,727	-	4,784,727
Balance as at 30-6-2011	<u>120,000,000</u>	<u>3,580,053</u>	<u>44,665,822</u>	<u>(730,098,448)</u>	<u>(561,852,572)</u>	<u>48,333,119</u>	<u>(513,519,454)</u>
Total comprehensive loss for the half year ended 31st December, 2011	-	-		(62,234,884)	(62,234,884)	3,959,718	(58,275,166)
Transfer from surplus on revaluation of property, plant & equipment for the half year ended Dec 31, 2011.				4,565,830	4,565,830	-	4,565,830
Balance as at 31-12-2011	<u><b>120,000,000</b></u>	<u><b>3,580,053</b></u>	<u><b>44,665,822</b></u>	<u><b>(787,767,503)</b></u>	<u><b>(619,521,627)</b></u>	<u><b>52,292,837</b></u>	<u><b>(567,228,791)</b></u>

*The annexed notes form an integral part of these financial statements.*

**CHIEF EXECUTIVE**

**DIRECTOR**

Karachi:

Date: 29 February, 2012

**OLYMPIA SPINNING & WEAVING MILLS LIMITED**

**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)**

**FOR THE HALF YEAR ENDED DECEMBER 31, 2011**

	<b>December-2011</b>	<b>December-2010</b>
	<b>RUPEES</b>	<b>RUPEES</b>
<b>CASH GENERATED FROM OPERATION</b>		
Profit/Loss before taxation	(48,186,629)	26,049,425
Adjustment for non cash charges and other items:		
Depreciation	32,081,671	30,178,926
Finance cost	86,535,223	97,494,461
Provision for Gratuity	5,426,464	3,230,969
	<u>124,043,357</u>	<u>130,904,356</u>
Operating Profit before working capital changes	75,856,728	156,953,781
(Increase)/Decrease in current assets:		
Stocks, stores and spares	(170,300,149)	(120,901,265)
Trade debts	146,772,082	(108,649,120)
Loan and advances	(16,634,918)	16,984,186
Other Receivables	(193,614)	288,349
	<u>(40,356,599)</u>	<u>(212,277,850)</u>
Increase/(Decrease) in current liabilities:		
Trade and other payables	84,736,604	110,236,389
<b>Cash generated from operations</b>	<u>120,236,733</u>	<u>54,912,320</u>
Taxes paid	(18,067,968)	(30,045,646)
Finance cost paid	(79,300,986)	(311,140,888)
Gratuity-net	(4,100,800)	(4,607,400)
Long term deposits	1,315,190	(3,430,000)
	<u>(100,154,564)</u>	<u>(349,223,934)</u>
Net cash from operating activities	20,082,170	(294,311,614)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(26,349,162)	(6,939,630)
Net cash (used in)/from investing activities	(26,349,162)	(6,939,630)
<b>CASH FLOW FORM FINANCING ACTIVITIES</b>		
Long term finance	(32,744,838)	603,963,930
Short Term Finance	53,193,461	(282,390,744)
Repayment of lease liabilities	(12,029,548)	(19,326,353)
Net cash used in financing activities	8,419,075	302,246,833
Net increase / decrease in cash and cash equivalents	2,152,082	995,591
Cash and cash equivalents at the beginning of the year	8,238,818	3,931,191
Cash and cash equivalents at the end of the year	<u><b>10,390,901</b></u>	<u><b>4,926,782</b></u>

*The annexed notes form an integral part of these financial statements.*

**CHIEF EXECUTIVE**

**DIRECTOR**

Karachi:

Date: 29 February, 2012

## 1. THE COMPANY AND ITS OPERATIONS

### 1.1 The Group Comprises of :

#### **Olympia Spinning & Weaving Mills Limited - (the holding company)**

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.

#### **Olympia Power Generation (Pvt) Ltd (the subsidiary company)**

The Company was incorporated in Pakistan as a private limited company on August 30, 1994. The main business of the company is power generation and sale of power.

- 1.2 Bank Alfalah Ltd has filed suit in the high court of Sindh and in banking court for recovery of Rs. 197,675,768 for the loan balances against the banking facilities provided by them due to non payment and unauthorized utilization/lifting of pledged stock by the company . The company is defending the case in the high court and banking court.
- 1.3 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. No confirmation was received from bank. Confirmation was sent. Had the company accounted for currency SWAP losses, the profit of the company would have decreased by Rs. 293.35 million.
- 1.4 The company had filed a counter recovery suits against Bank Alfalah Limited and its muqaddam Asif Associates (Pvt) Ltd in the high court of Sindh for Rs. 172,628,533/- plus interest for recovery of pledged cotton which were in possession and control of defendants. Till the finalization of accounts, no significant development has taken place.
- 1.5 The cumulative loss of the company stands at Rs. 787.767 million. The current liabilities exceed current assets by Rs. 447.773 million .The directors have given their commitment that in case the decision of the high court and banking court is against the company , they will meet the obligation by their own resources. The going concern assumption is based on the financial support/commitment by the sponsors/directors.

## 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 Finance Reporting Standard (IFRS) 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 as at and for the year ended 30th June, 2011.

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Karachi, Lahore and Islamabad Stock Exchanges and section 245 of the Companies Ordinance, 1984.

These condensed interim financial statements comprise of condensed interim Balance Sheet, condensed interim Profit & Loss Account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes for the half year ended December 31, 2011 which have been subjected to a review but not audited. These condensed interim financial statements also include the condensed interim Profit & Loss Account for the

## 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, 2011

#### 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 as at and for the year ended 30 June, 2011.
- 4.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2011.

#### 5 CONTINGENCIES AND COMMITMENTS

##### CONTINGENCIES

- 5.1 There have been no significant changes in Contingencies since Last Balance Sheet as at June 2011.

	DECEMBER 31, 2011	JUNE 30, 2011
	RUPEES	RUPEES
5.2 COMMITMENTS		
Capital Commitments for civil works	719,000	-
Letter of credit - import of cotton	8,125,700	121,088,740

#### 6 ACQUISITION AND DISPOSAL OF FIXED ASSETS

	(UN-AUDITED) December 31,2011		(AUDITED) JUNE 30,2011	
	Acquisition	Disposal	Acquisition	Disposal
	Rupees		Rupees	
Plant and machinery	14,258,303	-	21,422,098	-
Office equipment	209,280	-	219,030	-
Factory Tools & Equipment	683,708	-	438,999	-
Furniture and fixture	13,600	-	16,800	-
Motor vehicles	1,451,040	-	10,905,314	(2,598,889)
Capital work in Progress*	9,733,231	-	19,425,844	-
<b>Total</b>	<b>26,349,162</b>	<b>-</b>	<b>52,428,085</b>	<b>(2,598,889)</b>

\* This relates to construction of building for installation of a Paper Plant.

#### 7 STOCK IN TRADE

The carrying value of pledge stock amount to Rs.163,163,548/-

#### 8 TRANSACTIONS WITH ASSOCIATED UNDERTAKING

	(UN-AUDITED) December-2011	(UN-AUDITED) December-2010
	RUPEES	RUPEES
Electricity purchased	115,729,525	100,284,954

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

#### 9 EVENT AFTER THE BALANCE SHEET DATE:

There were no significant event since the balance sheet date.

#### 10 DATE OF AUTHORISATION FOR ISSUE:

These financial statements were authorised for issue on February 29, 2012 by the board of directors of the company.

#### 11 GENERAL

Figure have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR

Karachi:

Date: 29 February, 2012