

1535
DESIGN



OLYMPIA SPINNING & WEAVING MILLS LIMITED

48th

ANNUAL REPORT 2009



Olympia Spinning & Weaving Mills Limited

CONTENTS

Company Information	2
Vision & Mission Statement	3
Directors' Report to the shareholders	4
Statistical Summary of Key Operating & Financial Data for Last Six Years	7
Pattern of Shareholding	8
Statement of Compliance with the Code of Corporate Governance	10
Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Geovernance	12
Notice of Annual General Meeting	13
Auditors' Report to the members	14
Balance Sheet	15
Profit & Loss Account	16
Cash Flow Statement	17
Statement of Changes in Equity	18
Notes to the Financial Statements	19
Directors' Report on the Consolidated Financial Statement to the shareholders	38
Auditors' Report on the Consolidated Financial Statement to the members	39
Consolidated Financial Statement	40
Form of Proxy	59



Olympia Spinning & Weaving Mills Limited

COMPANY INFORMATION

BOARD OF DIRECTORS

CHAIRMAN AND CHIEF EXECUTIVE

: **MIAN M. WAQAR MONNOO**

DIRECTORS

: MRS. GHAZALA WAQAR
MR. SIRAJ SADIQ MONNOO
MR. SYED EJAZUDDIN
MR. IMRAN MONNOO
MR. SYED AYAZUDDIN
MR. MUHAMMAD ANWAR SAIGAL

AUDIT COMMITTEE MEMBERS

CHAIRMAN (EXECUTIVE)

: **MIAN M. WAQAR MONNOO**

MEMBER (NON-EXECUTIVE)

MRS. GHAZALA WAQAR

MEMBER (NON-EXECUTIVE)

MR. IMRAN MONNOO

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
407-408, COMMERCE CENTRE,
HASRAT MOHANI ROAD, KARACHI.**

BANKERS

: **UNITED BANK LTD
HABIB BANK LTD
SONERI BANK LTD
ASKARI BANK LTD
ALLIED BANK LTD.
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

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.



Olympia Spinning & Weaving Mills Limited

DIRECTORS REPORT

The Directors have pleasure in presenting their Annual Report along with audited accounts of the Company for year ended June 30, 2009 for your consideration and approval.

OPERATING REVIEW:

The operating results of the period under review has resulted in net loss before taxation of Rs.470,215,010/- with net sales of Rs.2,352,987,051/- as compared to the last year's sale of Rs.2,742,477,972/- which shows a decrease of 14.20% over last year's sale.

	For Year ended June 30, 2009 Rupees	For Year ended June 30, 2008 Rupees
Appropriation of profit is as under:		
Net (loss) taxation	(470,215,010)	(226,064)
Taxation:	<u>(14,093,598)</u>	<u>(14,802,586)</u>
Net loss for the year after taxation	(484,308,608)	(15,028,586)
Unappropriated (loss) brought forward	(34,397,021)	(23,950,375)
Actuarial Loss recognized outside income statement	(5,033,227)	(2,388,203)
Amount of incremental depreciation arising due to surplus on revaluation of fixed assets transferred to accumulated profit	6,549,513	6,970,206
Accumulated (loss) carried forward	<u>(517,189,343)</u>	<u>(34,397,021)</u>
EPS	(40.36)	(1.25)

FINANCIAL RESULTS:

The financial results for the year ended June 30, 2009 have resulted in net loss after tax of Rs.484,308,608/=. The operating profit has been decreased from Rs 141,346,343 to (Rs 297,282,565) as compared to last year. Gross profit percentage has decreased from 8.03% to (9.2%) as compared with the previous corresponding period. This decrease in gross profit is due to decrease in sales by Rs 389 million, loss of stock, increase in local and imported cotton rates, increase in energy rates and increase in wage rates. The combined effect of escalating interest rates and increasing short-term borrowings because of adverse market conditions, has led to an increase in financial charges on borrowed funds, thereby depressing the net profitability of your Company. The current financial results would have in profitability if the textile industry wouldn't have liquidity crunch, high markup and raw cotton cost since last three years.

Last year we entered into Cross currency swaps contracts but due to our dispute with the Bank over many vague and undisclosed term and conditions as disclosed in note 13 we have obtained stay order from Sind High Court against settlements of these contracts & accordingly no provision has been made in the accounts, on the basis of which the auditors have give their remarks in Auditors report. Till now no significant development took place.



Olympia Spinning & Weaving Mills Limited

During the end of current year ended 30 June, 2009 Askari Bank Ltd and Bank Alfalah Ltd had filed separate suits in the high court of Sind and in banking court for recovery of Rs. 508m and 197m for the loan balances of banking facilities due to unauthorized utilization / lifting of pledge stock respectively by the company. The company is defending the case in the high court through its legal counsel. Currently the matter is under investigation and hopefully will be settled amicably with both banks. In this respect the auditors give remarks in their report for which we confirm our support to company even if case will be decided against the company. Currently the company is operating normally & hopefully remains operational with the help of our valued work force.

FUTURE PROSPECTS:

Pakistan's spinning sector is at a crucial point due to large obstacles to growth in the national economy. The sharp increase in the cotton rates, markup rates and continued escalations in the cost of energy is creating an extremely demanding environment for all spinners. In addition the yarn market is dominated by a bearish sentiment, while the spinning industry is facing stiff competition from heavily subsidized overseas competitors.

To overcome the negative financial effects of these incidents and liquidity crunch due to expansion and continuous increase in the financial cost and input prices, the management has negotiated rescheduling of long term finances with all banks. We are also negotiating with other banks for a Term Finance Facility of approximately Rs. 200.00 M with a grace period of 2 years and balance payments to be made in 5 years.

The Company at present exporting approximately more than 50% of our total sale to Hong Kong, Korea, Bangladesh, Colombia and USA and hope to reach the level of more than 75% exports of our total sales. We also have been awarded FPCCI's Export Award named Best Export Performance award in cotton yarn.

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 Exchanges 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- International Accounting Standards, 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.
- 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, 6 board meetings were held and the attendance by each director is given hereunder:



Olympia Spinning & Weaving Mills Limited

Name of Director	No of Meetings Attended
Mian M. Waqar Monnoo	6
Mrs. Ghazala Waqar	5
Mr. Siraj Sadiq Monnoo	6
Mrs. Hina Siraj	2
Mr. Syed Ayazuddin	6
Mr. Muhammad Anwar Saigal	6
Mr. Imran Monnoo	2
Mr. Syed Fjazuddin	2

- 1- There were no shares bought and sale by the Directors, CEO, CFO, Company secretary and their spouses and minor children during the year.
- 2- 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 2009-2010 and fix their remuneration. The present auditors M/s. Mushtaq & Co., Chartered Accountants retires and offer themselves 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 factor for achieving the present results.

For and on behalf of the Board

Karachi: 7th October, 2009

WAQAR MONNOO
(Chief Executive/Director)



Olympia Spinning & Weaving Mills Limited

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

(Rupees in Million)

YEAR ENDED JUNE 30,	2009	2008	2007	2006	2005	2004
OPERATING RESULTS						
Sales net	2,352.99	2,742.48	2,231.54	1,882.93	1,240.58	1,239.39
Gross profit.	(216.54)	220.34	214.83	205.94	126.04	56.64
Operating expenses	84.94	82.59	79.91	64.70	42.00	24.54
Operating profit	(297.28)	141.35	139.33	142.60	84.75	32.10
Finance cost	172.93	141.57	159.04	122.91	71.22	57.83
Others expenses - net (W.P.P.F)	-	-	-	1.04	0.71	-
Profit/(Loss) before tax	(470.22)	(0.23)	(19.71)	19.70	13.54	(25.73)
Taxation	14.09	14.80	14.30	18.04	(4.87)	23.66
Profit/(Loss) after tax	(484.31)	(15.03)	(34.01)	1.66	18.40	(49.39)
FINANCIAL POSITION						
Paid-up Capital	120.00	120.00	120.00	24.00	24.00	24.00
Retained earnings/(loss)	(499.34)	(49.04)	(32.35)	20.07	5.46	(14.28)
Total equity	(348.94)	133.85	99.63	32.39	29.46	9.72
Long term finances	265.63	306.42	370.08	435.68	406.57	232.27
Deferred liability	2.93	4.22	3.52	12.96	19.34	35.14
Current liabilities	1,678.57	1,079.33	1,076.00	994.03	1,073.39	1,153.85
Total assets	2,789.99	2,451.69	2,256.31	2,220.64	2,113.30	1,785.86
Fixed assets (Gross)	2,105.88	2,218.75	1,959.64	1,869.25	1,639.60	1,094.05
Accumulated depreciation	105.88	544.40	485.82	427.99	370.08	327.23
Fixed assets (Net)	1,999.99	1,674.35	1,473.82	1,441.27	1,269.52	766.82
Long term deposits	21.59	21.50	22.74	21.28	27.21	16.40
Current assets	723.73	705.21	756.45	745.90	805.26	875.47
RATIOS						
Gross profit to sales % (Excluding Depreciation)	(6.62)	10.10	12.23	14.23	13.57	8.17
Gross profit to sales % (Including Depreciation)	(9.20)	8.03	9.63	10.94	10.16	4.57
Cost of sales to sales %	(109.20)	(91.97)	90.37	89.06	89.84	95.43
Net profit to sales %	(19.98)	(0.01)	(0.88)	1.05	1.09	2.08
Earning/(loss) per shares in Rs.	(40.36)	(1.25)	(2.83)	0.14	7.67	(20.58)
Earning/(loss) to equity %	134.75	(0.17)	(19.78)	60.82	45.96	(264.57)
Admin expenses to net sales %	1.43	1.33	1.42	1.63	1.35	1.42
Return on fixed assets before tax %	(23.51)	(0.01)	(1.34)	1.37	1.07	(3.36)
Return on total assets before tax %	(16.85)	(0.01)	(0.87)	0.89	0.64	(1.44)
Debt equity ratio %	56.81	44.87	57.01	59.00	66.31	63.63
Current ratio	0.43	0.65	0.70	0.75	0.75	0.76
Quick ratio	0.18	0.26	0.24	0.28	0.26	0.23
Turn over to fixed assets times	1.18	1.64	1.51	1.31	0.98	1.62
Turn over to total assets times	0.84	1.12	0.99	0.85	0.59	0.69



Olympia Spinning & Weaving Mills Limited

FORM - A
PATTERN OF HOLDING OF THE SHARES HELD BY THE
SHAREHOLDERS AS AT JUNE 30, 2009

No. of Share Holders	Shareholding				Total Shares Held	
129	Holding	from	001	to	100	8,430
106	---do---		101	to	500	25,245
16	---do---		501	to	1,000	16,000
30	---do---		1,001	to	5,000	89,100
8	---do---		5,001	to	10,000	57,546
3	---do---		10,001	to	15,000	38,000
1	---do---		15,001	to	20,000	16,000
3	---do---		20,001	to	25,000	67,500
2	---do---		25,001	to	30,000	54,500
1	---do---		30,001	to	35,000	33,500
3	---do---		35,001	to	40,000	109,000
3	---do---		40,001	to	45,000	131,000
2	---do---		45,001	to	50,000	100,000
1	---do---		60,001	to	65,000	61,750
2	---do---		95,001	to	100,000	182,000
1	---do---		120,001	to	125,000	124,679
3	---do---		245,001	to	250,000	750,000
1	---do---		295,001	to	300,000	300,000
2	---do---		325,001	to	400,000	729,500
1	---do---		1,550,001	to	1,555,000	1,550,025
2	---do---		3,000,001	to	4,500,000	7,556,225
320						12,000,000

Categories Shareholders	No. of Shareholders	Shares Held	Percentage
Individuals	310	11,371,549	94.76%
Financial Institutions	2	87,000	0.73%
Other Companies	7	541,251	4.51%
Abandoned Properties	1	200	0.00%
	320	12,000,000	100.00%



Olympia Spinning & Weaving Mills Limited

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS AS AT JUNE 30, 2009

ADDITIONAL INFORMATION

<u>SHAREHOLDER'S CATEGORY</u>	<u>Total Shares</u>	<u>Percentage</u>
Associated Companies, Undertakings and related parties (Name-wise).	None	None
N.I.T. and I.C.P		
(1) National Bank of Pakistan, Trustee Department (NIT)	42855	0.36
(2) NBP Trustee - NI(U)T(LOC) Fund	44145	0.37
(3) Investment Corporation of Pakistan	450	0.00
Directors, CEO and their Spouse and Minor Childern (Name-wise)		
(1) M. Waqar Monnoo Chairman / Director	4374570	36.45
(2) Mrs. Ghazala Waqar Director	3181660	26.51
(3) Mr. Siraj Sadiq Monnoo Director	1550025	12.92
(4) Mr. Syed Ayazuddin Director	330000	2.75
(5) Mr. Muhammad Anwar Saigal Director	300000	2.50
(6) Mr. Syed Ejazuddin Director	50000	0.42
(7) Mr. Imran Monnoo Director	500	0.00
Executives	None	None
Public Sector, Joint Stock Companies and Corporations		
(1) Fateh Textile Mills Ltd.	50	0.00
(2) Harvest Smartrend Securities (Pvt) Ltd	200	0.00
(3) Stock Master Securities (Pvt) Ltd	2000	0.02
(4) Ismail Iqbal Securities (Pvt) Ltd	85000	0.71
(5) ZHV Securities (Pvt) Ltd	21000	0.18
(6) SNM Securities (Pvt) Ltd	33500	0.28
(7) ACE Securities (Pvt) Ltd	399500	3.33
Abandoned properties & Other Companies.		
(1) Abandoned properties organisation.	200	0.00
Shareholders holding 10% or more voting interest in the Listed Companies		
(1) M. Waqar Monnoo.	4374570	36.45
(2) Mrs. Ghazala Waqar	3181660	26.51
(3) Mr. Siraj Sadiq Monnoo.	1550025	12.92



Olympia Spinning & Weaving Mills Limited

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE PERIOD ENDED 30TH JUNE, 2009

This statement is being presented to comply with the Code of Corporate Governance contained in listing Regulation No.37 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 Company encourages representation of independent non-executive directors on its Board. At present the board include three non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. To the best of our knowledge 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 vacancies arose on the Board during the year.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which is signed by directors and employees.
6. The Management has developed a vision/mission statement, overall corporate Strategy and significant policies of the Company and the same is in the process of approval by the Board. 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 directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman 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 orientation courses for its directors during the year to apprise them of their duties and responsibilities.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the Chief Executive.
11. The directors' report for this year has been prepared in compliance with the



Olympia Spinning & Weaving Mills Limited

- 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 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 three members, of whom two are non-executive directors.
 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 formed and advised to the committee for compliance.
 17. The Board has set-up an effective internal audit function.
 18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme 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.
 19. 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.
 20. We confirm that all other material principles contained in the Code have been complied with.

FOR AND BEHALF OF THE BOARD OF DIRECTORS

**(M. WAQAR MONNOO)
CHIEF EXECUTIVE**



Olympia Spinning & Weaving Mills Limited

REVIEW REPORT TO THE MEMBERS

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

We have reviewed the 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 to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange (Guarantee) Limited where the company is listed.

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. A review is limited primarily to inquiries of the company 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 system sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub- Regulation (xiii a) of Listing Regulation No. 35 (previously Regulation No. 37) notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the Board of Directors for their consideration and approval 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 recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price.

Based on our review, nothing has come to our attention which causes us to believe that the statement of compliance does not appropriately reflect the company's compliance, in all material respect, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2009.

Karachi:
Dated: **October 07, 2009**

MUSHTAQ & COMPANY
Chartered Accountants

Engagement Partner:
Shahabuddin A. Siddiqui



Olympia Spinning & Weaving Mills Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 48th Annual General Meeting of the shareholders of **OLYMPIA SPINNING & WEAVING MILLS LIMITED**, will be held at the Registered office of the company at E-3, Farzana Building, 1st Floor, Block - 7 & 8, Shaheed-e-Millat Road, Karachi on Thursday, October 29th 2009 at 10:00 a.m to transact the following business:

Ordinary Business

1. To confirm the minutes of last Annual General Meeting of the Company held on October 20th 2008.
2. To receive, consider and adopt Audited Accounts for the year ended 30th June, 2009 together with Auditor's and Director's Report thereon.
3. To appoint Auditors for the year ending 30th June, 2010 and to fix their remuneration.
4. To transact any other business with the permission of chairman.

By order of the board

Muhammad Anwar Saigal
Company Secretary

Karachi: October 7, 2009

Note

- a. The Register of Members of the Company will remain closed from 23rd October 2009 to 29th October 2009 (both days inclusive), members are requested to notify change of addresses (if any)
- b. 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.
- c. 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.



Olympia Spinning & Weaving Mills Limited

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Olympia Spinning & Weaving Mills Limited** as at June 30, 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year ended June 30, 2009 and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of 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 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 verification, we report that:

- (a) As mentioned in note 13.1, to the financial statements the company has not provided liability under cross currency swap contracts loss of Rs. 293.35 million. The amount has been declared as Contingent Liability in Note No. 13.1. The company has filed a suit in High Court of Sindh and obtained stay order against the settlement of cross currency swap contracts on the provision of the contracts. Had the provision been accounted for, the loss for the year would increase to Rs. 777.658 million.
- (b) As mentioned in note 13.2 to the financial statements which describes that two banks have filed suits Nos B 120/2009 and B131/2009 against the company in the high court of Sindh and in the banking court for recovery of Rs.508.816 million and Rs.197.675 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.
- (c) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied.
- (d) in our opinion:
 - (i) 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 account and are further in accordance with accounting policies consistently applied,
 - (ii) the expenditure incurred during the period 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,
- (e) in our opinion and to the best of our information and according to the explanations given to us, except as mentioned in note (a) and (b) above and its effects on the financial statements, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2009 and of the loss, its cash flows and changes in equity for the year then ended ; and
- (f) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

We draw attention that the accumulated loss of the Company which stands at Rs. 517.189 million. The current liabilities exceed current assets by 954.83 million. The going concern assumption is based on the financial support/ commitment by the sponsors/directors as mentioned in note 1.3.

KARACHI: October 07, 2009

MUSHTAQ & COMPANY
CHARTERED ACCOUNTANTS
Engagement Partner:
Shahabuddin A. Siddiqui



Olympia Spinning & Weaving Mills Limited

BALANCE SHEET AS AT JUNE 30, 2009

EQUITY AND LIABILITIES	NOTE	JUNE 30, 2009 RUPEES	JUNE 30, 2008 RUPEES
SHARE CAPITAL AND RESERVES			
Authorized capital 13,000,000 Ordinary shares of Rs.10 each.		<u>130,000,000</u>	<u>130,000,000</u>
Issued, subscribed and paid up capital	4	120,000,000	120,000,000
Reserves	5	<u>(468,943,468)</u>	<u>13,848,854</u>
		(348,943,468)	133,848,854
Surplus on revaluation of property, plant and equipment	6	1,116,832,025	798,934,764
NON CURRENT LIABILITIES			
Long term financing	7	265,626,241	306,416,045
Liability against assets subject to finance lease	8	74,974,933	128,946,783
Deferred liabilities	9	2,931,817	4,216,949
CURRENT LIABILITIES			
Trade and other payables	10	575,627,570	409,305,789
Interest / mark-up accrued on loans	11	59,524,348	27,849,098
Short-term borrowings	12	961,586,030	526,862,346
Current portion of			
- long term financing		30,687,481	58,333,336
- liabilities against asset subject to finance lease		38,734,089	22,003,844
Provision for taxation		<u>12,407,429</u>	<u>34,972,601</u>
		1,678,566,946	1,079,327,014
CONTINGENCIES AND COMMITMENTS			
	13		
		<u>2,789,988,494</u>	<u>2,451,690,410</u>
PROPERTY AND ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	14	1,999,994,834	1,674,353,591
Capital work in progress	15	-	5,963,413
Long term deposit	16	21,593,772	21,495,772
Long term investment in subsidiary	17	44,665,822	44,665,822
CURRENT ASSETS			
Stores, spare parts and loose tools	18	13,491,550	17,010,837
Stock in trade	19	415,972,980	408,812,676
Trade debts - considered good	20	160,447,864	133,372,571
Loans and advances	21	115,083,108	129,239,410
Other receivables	22	17,032,224	14,615,793
Cash and bank balances	23	<u>1,706,341</u>	<u>2,160,525</u>
		723,734,067	705,211,812
		<u>2,789,988,494</u>	<u>2,451,690,410</u>

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE

DIRECTOR

Karachi, October 07, 2009



Olympia Spinning & Weaving Mills Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2009

	NOTE	For the year ended June 30, 2009 RUPEES	For the year ended June 30, 2008 RUPEES
Sales (net)	24	2,352,987,051	2,742,477,972
Cost of sales	25	(2,569,527,580)	(2,522,135,506)
Gross (loss)/profit		(216,540,529)	220,342,467
Distribution cost	26	(51,321,911)	(46,148,562)
Administrative expenses	27	(33,616,614)	(36,442,725)
Other operating income	28	4,196,489	3,595,162
Operating (loss)/ profit		(80,742,036)	(78,996,125)
Finance cost	29	(172,932,445)	(141,572,407)
Net loss before taxation		(470,215,010)	(226,064)
Taxation	30	(14,093,598)	(14,802,586)
Net loss for the year after taxation		(484,308,608)	(15,028,650)
Earning per share - Basic and diluted	31	(40.36)	(1.25)

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE

DIRECTOR

Karachi: October 07, 2009



Olympia Spinning & Weaving Mills Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2009

	For year ended June30, 2009 RUPEES	For year ended June30, 2008 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES		
Cash generated from operations (Note: 32)	(115,541,580)	351,024,878
Taxes paid	(6,430,812)	(19,396,934)
Finance cost paid	(141,257,195)	(135,770,488)
Gratuity paid	(7,398,800)	(3,728,108)
Long term deposits	(98,000)	1,242,468
Net cash from operating activities	(270,726,387)	193,371,816
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	940,000
Fixed capital expenditure	(64,737,629)	(9,208,721)
Capital work in progress	5,963,413	(2,661,885)
Net cash (used in)/from investing activities	(58,774,216)	(10,930,606)
CASH FLOW FORM FINANCING ACTIVITIES		
Long term finance	(68,435,660)	(96,167,965)
Short term borrowings	434,723,684	(65,707,631)
Repayment of lease liabilities	(37,241,605)	(25,326,571)
Net cash used in financing activities	329,046,419	(187,202,167)
Net increase in cash and cash equivalents	(454,184)	(4,760,957)
Cash and cash equivalents at the beginning of the year	2,160,525	6,921,482
Cash and cash equivalents at the end of the year.	1,706,341	2,160,525

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE

DIRECTOR

Karachi: October 07, 2009



Olympia Spinning & Weaving Mills Limited

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2009

	PAID UP CAPITAL	REVENUE RESERVE	CAPITAL RESERVE	UN- APPROPRIATED LOSS	TOTAL
	←————— RUPEES —————→				
Balance as at June 30, 2007	120,000,000	3,580,053	-	(23,950,375)	99,629,679
Loss for the year 2008	-	-	-	(17,416,853)	(17,416,853)
Gift of Shares by shareholders of Olympia Power Generation (Pvt) Ltd.	-	-	44,665,822	-	44,665,822
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation charged in the current year-net of deferred taxation	-	-	-	6,970,206	6,970,206
Balance as at June 30, 2008	120,000,000	3,580,053	44,665,822	(34,397,021)	133,848,855
Loss for the year 2009	-	-	-	(489,341,835)	(489,341,835)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation charged in the current year 2009	-	-	-	6,549,513	6,549,513
Balance as at June 30, 2009	120,000,000	3,580,053	44,665,822	(517,189,343)	(348,943,468)

June 30, 2009 June 30, 2008

RUPEES RUPEES

STATEMENT OF RECOGNISED INCOME AND EXPENSES

Loss for the year	(484,308,608)	(15,028,650)
Actuarial (Loss) recognised	(5,033,227)	(2,388,203)
	<u>(489,341,835)</u>	<u>(17,416,853)</u>

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE

DIRECTOR

Karachi: October 07, 2009

48th ANNUAL REPORT. 2009



Olympia Spinning & Weaving Mills Limited

Notes to the financial statements

For the year ended 30th June 2009

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 Subsequent to the balance sheet date the Askari Bank Ltd and Bank Alfalah Ltd have filed separate suits in the high court of Sindh and in banking court for recovery of Rs. 508.816 million and Rs. 197.675 million for the loan balances against the banking facilities provided by them alleging the 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 accumulated loss of the company stands at Rs.517.189 million. The current liabilities exceed current assets by 954.832 million. The directors have given their commitment that in case the decision of the high court and banking court is decided against the company, they will meet the obligation through 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

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 provision of and directives issued under the Companies Ordinance, 1984. In case requirement differ, the provisions of and directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost convention except for certain financial instruments at fair value and employees retirement benefits at present value. In these financial statements, except for cash flow statements, all transactions have been accounted for on accrual basis.

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.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 38 to these financial statements.

2.5 Standards, interpretations and amendments to published approved accounting standards

2.5.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

- IFRS - 7 Financial Instruments : Disclosures (effective for annual periods beginning on or after 28 April 2008) supersedes IAS - 30 Disclosures in the Financial Statements of Banks and Similar Financial Institutions and the disclosures requirements of IAS - 32 Financial Instruments : Disclosure and Presentation. The application of the standard did not have significant impact on the company's financial statements other than increase in disclosures.



Olympia Spinning & Weaving Mills Limited

- IAS - 29 Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 28 April 2008). The company does not have any operations in hyperinflationary economies and therefore the application of the standard did not affect the company's financial statements.
- IFRIC - 13 Customer Loyalty Programmes (effective for annual periods beginning on or after 01 July 2008) addresses the accounting by entities that operates or otherwise participate in customer loyalty programmes under which the customer can redeem credit for award such as free or discounted goods or services. The application of IFRIC - 13 did not affect the company's financial statements.
- IFRIC - 14, IAS - 19 The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective for annual periods beginning on or after 01 January 01 2008). IFRIC - 14 clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on minimum funding requirements for such asset. The interpretation has no effect on company's financial statements.

2.5.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, interpretations and amendments of approved accounting standards are only effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the company's operations or are not expected to have significant impact on the company's financial statements other than increased disclosures in certain cases.

- Revised IAS - 1 Presentation of Financial Statements (effective for annual periods beginning on or after 01 January 2009) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income.
- Revised IAS - 23 Borrowing Costs (effective for annual periods beginning on or after 01 January 2009) removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets as part of the cost of that asset. The application of the standard is not likely to have an effect on the company's financial statements.
- Amended IAS - 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 01 July 2009) requires accounting for changes in ownership interest by the group in a subsidiary, while maintaining control, to be recognized as an equity transactions. When the group loses controls of subsidiary, any interest retained in the former a subsidiary will be measured at fair value with the gain or loss recognized in the profit or loss. The application of the standard is not likely to have an effect on the company's financial statements.
- IAS - 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 01 January 2009). The amendment removes the definition of the cost methods from IAS - 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The amendment is not likely to have an effect on company's financial statements.
- Amendments to IAS - 32 Financial Instruments : Presentation and IAS - 1 Presentation of Financial Statements (effective for annual period beginning on after 01 January 2009) - Puttable Financial Instruments and Obligations Arising on Liquidations requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The amendments, which requires retrospective application, or not expected to have any impact on the company's financial statements.
- Amendment to IAS - 39 Financial Instruments : Recognition and Measurement - Eligible hedged items (effective for annual periods beginning on or after 01 July 2009) clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. The amendment is not likely to have an effect on the company's financial statements.



Olympia Spinning & Weaving Mills Limited

- Amendments to IAS - 39 and IFRIC - 9 Embedded derivatives (effective for annual periods beginning on or after 01 January 2009). Amendments require entities to assess whether they need to separate an embedded derivative from a hybrid (combined) financial instrument when financial assets are reclassified out of the fair value. The amendments are not likely to have an effect on company's financial statements.
- Amendment to IFRS - 2 Share-based Payment - Vesting Conditions and Cancellations (effective for annual periods beginning on or after 01 January 2009) clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The application of this standard is not likely to have any effect on the company's financial statements.
- Amendment to IFRS - 2 Share-based Payment - Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 01 January 2010). Currently effective IFRS requires attribution of group share-based payment transactions only if they are equity-settled. The amendments resolve diversity in practice regarding attribution of cash-settled share-based payment transactions and require an entity receiving goods or services in either an equity-settled or a cash-settled payment transactions to account for the transaction in its separate or individual financial statements.
- Revised IFRS - 3 Business Combinations (applicable for annual periods beginning on or after 01 July 2009) broadens among other things the definition of business resulting in more acquisitions being treated as business combinations, contingent consideration to be measured at fair value, transaction costs other than share and debt issue costs to be expensed, any pre-existing interest in an acquire to be measured at fair value, with the related gain or loss recognized in profit or loss and any non-controlling (minority) interest to be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of an acquire, on a transaction-by-transaction basis. The application of this standard is not likely to have an effect on the company's financial statements.
- IFRS - 4 Insurance Contracts (effective for annual periods beginning on or after 01 January 2009). The IFRS makes limited improvements to accounting for insurance contracts until the Board completes the second phase of its project on insurance contracts. The standard also requires that an entity issuing insurance contracts (an insurer) to disclose information about those contracts. The standard is not applicable to the company's operations.
- Amendment to IFRS - 7 Improving disclosures about Financial Instruments (effective for annual periods beginning on or after 01 January 2009). These amendments have been made to bring the disclosure requirements of IFRS - 7 more closely in line with US standards. The amendments introduce a three-level hierarchy for fair value measurement disclosures and require entities to provide additional disclosures about the relative reliability of fair value measurements.
- The International Accounting Standards Board made certain amendments to existing standards as part of its first annual improvements project. The effective dates for these amendments vary by standard and most will be applicable to the company's 2010 financial statements. These amendments are unlikely to have an impact on the company's financial statements.
- The International Accounting Standards Board made certain amendments to existing standards as part of its Second annual improvements project. The effective dates for these amendments vary by standard and most will be applicable to the company's 2010 financial statements. These amendments are unlikely to have an impact on the Company's financial statements.
- IFRS - 8 Operating Segments (effective for annual periods beginning on or after 01 January 2009) introduces the "management approach" to segment reporting. IFRS - 8 will require a change in the presentation and disclosure of segment information based on the internal reports that a regularly reviewed by the company's "chief operating decision maker" in order to assess each segment's performance and to allocate resources to them.
- IFRIC - 15 Agreement for the Construction of Real Estate (effective for annual periods beginning on or after 01 October 2009) clarifies the recognition of revenue by real estate developers for sale of units, such as apartments or houses, 'off-plan', that is, before construction is complete. The IFRIC is not relevant to the company's operations.



Olympia Spinning & Weaving Mills Limited

- IFRIC - 16 Hedge of Net Investment in a Foreign Operation (effective for annual periods beginning on or after 01 October 2008) clarifies that net investment hedging can be applied only to foreign exchange differences arising between the functional currency of a foreign operation and the parent entity's functional currency and only in an amount equal to or less than the net assets of the foreign operation, the hedging instrument may be held by any entity within the group except the foreign operation that is being hedged and that on disposal of a hedged operation, the cumulative gain or loss on the hedging instrument that was determined to be effective is reclassified to profit or loss. The interpretation allows an entity that uses the step-by-step method of consolidation an accounting policy choice to determine the cumulative currency translation adjustment that is reclassified to profit or loss on disposal of a net investment as if the direct method of consolidation had been used. The IFRIC is not relevant to the company's operations.
- IFRIC - 17 Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after 01 July 2009) states that when a company distributes non cash assets to its shareholders as dividend, the liability for the dividend is measured at fair value. If there are subsequent changes in the fair value before the liability is discharged, this is recognized in equity. When the non cash asset is distributed, the difference between the carrying amount and fair value is recognized in the income statement. As the company does not distribute non-cash assets to its shareholders, this interpretation has no impact on the company's financial statements.
- IFRIC - 18 Transfers of Assets from Customers (to be applied prospectively to transfers of assets from customers received on or after 01 July 2009). This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). The interpretation is not relevant to the company's operations.

3 Summary of Significant Accounting Policies

3.1 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupees.

3.2 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, 2009 using the Projected Unit Credit Method.

Any actuarial gain or loss recognized during the year is accounted for under para 93A of IAS-19 by recognizing whole amount of actuarial gain or loss in "Statement of recognized income and expense" in statement of changes in equity.

3.3 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.



Olympia Spinning & Weaving Mills Limited

3.4 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.

3.5 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.

3.6 Property, plant and equipment

a) Owned

Property plant and equipment except land are stated at cost less accumulated depreciation and impairment loss, if any.

Depreciation on additions during year is charged on pro-rata basis when the assets are available for use. 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.

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.

3.7 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.

3.8 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 Monthly average except those in transit which are stated at cost comprising invoice value plus other charge incurred thereon

Finished goods and Work in process Raw material cost plus appropriate Manufacturing Overheads

Waste At net realizable value

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



Olympia Spinning & Weaving Mills Limited

3.9 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.

3.10 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.

3.11 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.

3.12 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.

3.13 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.

3.14 Derivative Financial Instruments

These are initially recognised at cost and are subsequently remeasured at their fair value. The method of recognising 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 (unrealised gains) are included in other assets and derivatives with negative market values (unrealised

Losses) are included in other liabilities in the balance sheet. The resultant gain and losses are included in the income currently.

3.15 Borrowing cost

All mark up, interest and other charges are charged to current income on an accrual basis.

3.16 Dividend and appropriation to reserves

The dividend distribution and appropriation to reserves is recognised in the period in which, these are approved.



Olympia Spinning & Weaving Mills Limited

	June 30, 2009 RUPEES	June 30, 2008 RUPEES
4 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
2,200,000 Ordinary shares of Rs. 10 each allotted for consideration paid in cash	22,000,000	22,000,000
200,000 Ordinary shares of Rs. 10 each allotted as bonus shares	2,000,000	2,000,000
9,600,000 Ordinary shares of Rs. 10 each issued as right shares	96,000,000	96,000,000
	<u>120,000,000</u>	<u>120,000,000</u>
5 RESERVES		
Revenue reserve	3,580,053	3,580,053
Capital Reserve	44,665,822	44,665,822
Accumulated loss	(517,189,343)	(34,397,021)
	<u>(468,943,468)</u>	<u>13,848,854</u>
6 SURPLUS ON REVALUATION OF FIXED ASSETS		
Balance as at July 01, 2008	798,934,764	553,782,970
Add: surplus on revaluation of land	223,989,031	252,122,000
Add: surplus on revaluation of factory building	50,941,948	-
Add: surplus on revaluation of plant & machinery	49,515,795	-
	<u>1,123,381,538</u>	<u>805,904,970</u>
Less		
transfer to equity in unappropriated profit on account of incremental depreciation for the year.	<u>6,549,513</u>	<u>6,970,206</u>
	<u>6,549,513</u>	<u>6,970,206</u>
Balance as at June 30, 2009	<u>1,116,832,025</u>	<u>798,934,764</u>
6.1 During the year the company revalued its Land, Factory building & plant & machinery which resulted in surplus of 223.989(M), 50.941(M) & 49.515(M) respectively. The revaluation was carried out under market value basis by an independent valuer 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(M) & 151.635(M) 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 (M).		
7 LONG TERM FINANCING		
From banking companies - secured		
Loan 1 (Note:7.1)	63,000,000	63,000,000
Loan 2 (Note:7.2)	128,333,332	137,499,999
Loan 3 (Note:7.2(a))	4,999,999	5,833,333
Loan 5 (Note: 7.3)	-	60,000,000
Loan 6 (Note: 7.4)	45,000,000	45,000,000
	<u>241,333,331</u>	<u>311,333,332</u>
From related party - unsecured		
Directors loan- Sub-ordinated (Note: 7.5)	<u>54,980,391</u>	<u>53,416,050</u>
	54,980,391	53,416,050
Current maturity of long term financing	<u>(30,687,481)</u>	<u>(58,333,336)</u>
	<u>265,626,241</u>	<u>306,416,046</u>

7.1 This term loan with UBL is for Rs.63.00 million for 5 years with a grace period of two years starting from August 31,2009 and repayable in quarterly installments of Rs.5.25m each. This is secured by equitable mortgage of Rs 575.396 million on fixed assets, and floating charge on current assets and personal guarantee of Directors. Mark up is @ 3 months Kibor + 2.5 % per annum, payable quarterly. The balance at banks remain, unconfirmed by the bank. Confirmation was sent.

7.2 This revised Term finance with Askari Bank Ltd. for Rs. 128.333 million is for four years with a grace period of one year. Repayment is in 16 equal quarterly installments starting from 1st January 2010 and ending in December 2013. This is secured by specific charge of Rs. 200 million over the machinery imported and purchased locally and first pari passu charge of Rs. 310 million over plant and machinery and personal guarantee of directors. Mark-up is @ 3 months Kibor + 2.25% bps payable quarterly. Over due installment is Rs.833,334.

7.2 (a) This revised long Term financing with Askari Bank Ltd. for Rs. 6.25 million is for four years and secured by specific charge of Rs. 200million on imported machinery and Rs.310 million on plant and machinery along with other facilities. Repayments are in 20 equal quarterly installments of Rs.0.416 million ending in December 2012. Mark up is SBP refinance rate plus 2% payable quarterly.



Olympia Spinning & Weaving Mills Limited

- 7.3 This term finance from Soneri Bank Ltd has 12 months grace period and repayable in four half yearly installments commencing from 1st July 2008 and ending on 1st January 2010 and carries mark up @ 6 months kibar + 2.65 % per annum, payable quarterly. Total facility amount is Rs. 60.00 million. Charge on fixed assets of the company is to the extent of Rs.80 million. During the year it was converted to short term facility.
- 7.4 This demand finance has been rescheduled with My Bank Ltd, having 6 months grace period and repayable in 9 half yearly installments commencing from January 2011 and ending in January, 2015 and carries mark-up @ 6 months kibar + 4% mark-up payable quarterly. Total facility amount is Rs.45.00(M).Charge over fixed assets of the company is Rs. 67(M).
- 7.5 The Directors loan is unsecured and interest free and is not repayable in the next twelve months. This loan has been Sub-ordinated to bank loan.

8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	June 30, 2009 RUPEES	June 30, 2008 RUPEES
Minimum lease payments		
Up to one year	52,401,110	38,806,696
More than one year but less than five years	83,166,389	149,185,386
	135,567,499	187,992,082
Less: Finance cost		
Up to one year	13,667,021	16,802,852
More than one year but less than five years	8,191,456	20,238,603
	21,858,477	37,041,455
Present value of minimum lease payments		
Up to one year	38,734,089	22,003,844
More than one year but less than five years	74,974,933	128,946,783
	<u>113,709,022</u>	<u>150,950,627</u>

- 8.1 The company has entered into lease agreements with various leasing companies. The lease agreement contains bargain purchase option. Taxes, repairs and maintenance, insurance and other costs relating to the leased assets are to be borne by the company. The rate of finance charges applied vary from 13.66 % to 20.18 % (June 2008 11.71% to 18.38%) per annum. The above liabilities are additionally secured by security deposits and personal guarantee of Directors.

9 DEFERRED LIABILITIES

Staff retirement benefit-gratuity(Note:9.1 to 9.5)
Deferred tax (Note:9.6)

2,931,817	4,216,949
<u>2,931,817</u>	<u>4,216,949</u>

9.1 Movement in the net liability recognized in the balance sheet

Opening net liability	4,216,949	3,523,054
Expense for the year	6,113,668	4,422,003
	10,330,617	7,945,057
Contribution paid	(7,398,800)	(3,728,108)
Closing net liability	<u>2,931,817</u>	<u>4,216,949</u>

9.2 Expense recognized in the profit and loss account excluding actuarial loss

Current service cost	823,434	1,793,654
Interest cost	257,007	240,146
	<u>1,080,441</u>	<u>2,033,800</u>

9.3 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.

9.4 Principal actuarial assumption

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

	%	%
Discount rate	14	12
Expected rate of increase in salary	5	5



Olympia Spinning & Weaving Mills Limited

9.5 Historical information

	2009	2008	2007	2006	2005
	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES
Present value of the defined obligation	2,931,817	4,216,919	3,523,054	3,258,442	2,893,776

9.6 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 finalised under the final tax Regime. Therefore, any timing differences arising during the year are not expected to reverse in future periods.

	June 30, 2009	June 30, 2008
	RUPEES	RUPEES
10 TRADE AND OTHER PAYABLES		
Trade creditors (Note 10.1)	121,463,422	101,683,043
Withholding tax payable	1,455,061	74,436
Bills payable	438,575,536	292,168,084
Accrued expenses	14,133,551	15,380,226
	<u>575,627,570</u>	<u>409,305,789</u>

10.1 This includes Rs. 15.936 (M) payable to Olympia Power Generation (Pvt) Ltd on account of sale of electricity

11 INTEREST / MARK-UP ACCRUED ON LOANS

Long term financing	8,471,882	6,241,503
Short term running finance	51,052,466	21,607,595
	<u>59,524,348</u>	<u>27,849,098</u>

12 SHORT TERM BORROWINGS

Secured-banking companies (Note: 12.1)	<u>961,586,030</u>	<u>526,862,346</u>
--	--------------------	--------------------

12.1 The facilities for running finance available from various banks amounted to Rs. 753.42 (M) (June 2008:Rs 846.5 (M)) and carries mark-up ranging from 13.27% to 15.77% (June 2008:11.75% to 18.35%) per annum payable quarterly. The above facilities are secured by pledge of raw cotton and hypothecation charge on stock and book debts and personal guarantee of directors. Out of above borrowings Rs.221.404 (M) relates to overdue acceptance.

12.2 During the physical verification of stock as on June 30, 2009 no pledged stock with Askari Bank Ltd and Bank Alfalah Ltd was made available to us for our physical verification. No mucedam report as at 30th June, 2009 for cross verification of stocks held under pledge under custody of mucedam have been provided for our verification in respect of Askari Bank and Bank Al-Falah Ltd.

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

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(M). entered into by the company with a foreign bank. The company mainly contest 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 management strongly believes that the case would be decided in company's favor. Till the finalization of the financial statements no significant development has taken place during the hearing of the case.

13.2 Subsequent to the balance sheet date the Askari Bank Ltd and Bank Al-Falah Ltd has filed separate suits in the high court of Sindh and in banking court for recovery of Rs. 508,816,709 and Rs. 197,675,768 for the loan balances of banking facilities alledging the unauthorized utilization / lifting of pledged stock by the company. The company is defending the case in the high court.

13.3 Cross corporate Guarantee issue in favour of subsidiary company.

13.4 Commitments

	June 30, 2009	June 30, 2008
	RUPEES	RUPEES
Capital Commitments for civil works		6,203,000
Letter of credit - import of cotton	45,196,239	202,880,738



Olympia Spinning & Weaving Mills Limited

14 PROPERTY, PLANT AND EQUIPMENT

AS ON 30-06-2009

PARTICULARS	COST / REVALUATION			RATE %	DEPRECIATION			W.D.V. AS AT 30-6-2009
	AS AT 01-07-2008	ADDITION / (DELETION)	REVALUATION		TRANSFER IN/(OUT)	FOR THE YEAR	REVALUATION	
OWNED								
Lease hold land	676,700,000	-	221,989,031	-	-	-	-	900,689,031
Factory building on lease hold land	404,383,193	28,150,477	45,997,642	4	87,358,996	13,187,803	96,939,590	382,928,819
Plant and machinery	886,110,963	33,431,472	355,605,635	6	381,826,217	32,016,983	405,121,430	561,016,238
Office equipment	7,779,964	518,857	-	10	3,305,561	473,712	-	4,519,148
Factory equipment	1,668,447	584,949	-	10	865,787	127,819	-	1,259,790
Furniture and fixture	5,900,257	-	-	10	2,280,130	362,013	-	3,258,114
Motor vehicles	7,706,863	-	-	20	4,826,472	855,407	-	3,421,628
Arms and ammunition	36,500	-	-	10	29,548	695	-	6,257
Electrical and pipe fittings	48,341,176	2,051,874	-	10	23,049,297	2,529,188	-	24,814,565
	2,038,627,363	64,737,629	625,592,308		503,542,408	49,553,620	502,061,020	1,681,913,590
LEASED								
Plant and machinery	170,738,267	-	-	6	36,285,946	12,867,111	-	115,804,002
Motor vehicles	9,368,000	-	-	20	4,571,686	1,122,429	-	2,277,241
	180,126,267	-	-		40,857,631	13,989,540	-	118,081,244
TOTAL RUPEES - 2009	2,218,753,630	64,737,629	625,592,308		544,400,039	63,543,160	502,061,020	1,999,994,834
TOTAL RUPEES - 2008	1,959,641,909	261,336,721	-		485,822,005	60,079,528	-	1,674,353,591
		(2,218,000)						

14.1 Adjustment of leased machinery represents transfer to owned assets on completion of term of lease period

Depreciation has been allocated as under:

	30-Jun-09	30-Jan-08
Cost of sales (Note:25)	60,728,904	56,765,809
Administrative expenses (Note:27)	2,814,256	3,313,719
	63,543,160	60,079,528

14.2 Had there been no revaluation the related figures of land and factory building at June 30, 2009 would have been as follows:

	Cost	Book Value
Lease hold land	181,000	385,000
Factory building on lease hold land	204,905,496	141,592,067
Plant & Machinery	927,428,827	510,433,179
As at 30th June 2009	1,132,717,323	652,408,246
As at 30th June 2008	205,288,496	151,012,854



Olympia Spinning & Weaving Mills Limited

PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE, 2008

PARTICULARS	COST / REVALUATION			RATE %	DEPRECIATION			W.D.V. AS AT 30-6-2008
	AS AT 01-07-2007	ADDITION / (DEFECTION)	REVALUATION		TRANSFER IN/(OUT)	AS AT 30-6-2008	FOR THE YEAR	
OWNED								
Lease hold land	424,578,000	-	252,122,000	-	-	-	-	676,700,000
Factory building on lease hold land	404,383,193	-	-	-	4	74,149,654	13,209,342	317,024,197
Plant and machinery	800,703,554	5,320,909	-	80,086,500	6	325,055,530	32,075,234	504,284,746
Office equipment	6,549,939	1,230,025	-	-	10	2,839,144	466,817	4,474,003
Factory tools and equipment	1,654,947	13,500	-	-	10	778,103	87,684	802,660
Furniture and fixture	5,769,528	130,729	-	-	10	1,882,714	397,416	3,620,127
Motor vehicle	369,980	566,883	-	8,989,000	20	169,223	696,517	2,880,391
Arms and ammunition	36,500	-	-	-	10	28,775	772	6,953
Electric and pipe fitting	46,394,501	1,946,675	-	-	10	20,239,088	2,810,209	25,291,879
	1,690,440,142	9,208,721	252,122,000	80,086,500		425,142,231	49,743,991	1,535,084,956
		(2,219,000)		8,989,000				
LEASED								
Plant and machinery	250,844,767	-	-	(80,086,500)	6	52,398,059	8,583,340	134,472,321
Motor vehicles	18,357,000	-	-	(8,989,000)	20	8,281,715	1,752,197	4,796,314
	269,201,767	-	-	(89,075,500)		60,679,774	10,335,537	139,268,635
TOTAL RUPEES - 2008	1,959,641,909	9,208,721	252,122,000	-		485,822,005	60,079,528	1,674,353,591
		(2,219,000)						
TOTAL RUPEES - 2007	1,869,251,279	96,513,070	-	-		427,986,069	61,212,207	1,473,819,904
		(6,122,440)						



Olympia Spinning & Weaving Mills Limited

	June 30, 2009 RUPEES	June 30, 2008 RUPEES
15 CAPITAL WORK IN PROGRESS		
Civil Works		
Opening Balance	5,963,413	3,301,528
Addition	13,555,507	2,661,885
Transfer	(19,518,920)	-
Closing Balance	<u> -</u>	<u>5,963,413</u>
16 LONG TERM DEPOSITS		
Lease security deposits	19,130,100	19,130,100
K.F.S.C	1,829,694	1,829,694
Other deposits	633,978	535,978
	<u>21,593,772</u>	<u>21,495,772</u>
17 LONG TERM INVESTMENT		
Long term investment in subsidiary-unquoted		
Olympia Power Generation (Pvt) Ltd		
9,000 ordinary shares of Rs. 10 each.		
Break-up value Rs.6,280 per share total Rs. 56,520,000		
(June. 2009 Rs. 5,126.697 per share total Rs. 46,142,273)	44,665,822	44,665,822
	<u>44,665,822</u>	<u>44,665,822</u>
<p>On February 09, 2008 the Directors of Olympia Power Generation (pvt) Ltd gifted 9000 ordinary shares of Rs.10 each which were recorded in the books of the company at a break- up value of Rs. 4,962.869 per shares and credited to capital reserve.</p>		
18 STORES, SPARE PARTS AND LOOSE TOOLS		
Stores and spares part	9,809,986	12,657,744
Packing material	3,681,564	4,353,093
	<u>13,491,550</u>	<u>17,010,837</u>
19 STOCK IN TRADE		
Raw material	372,970,778	336,839,091
Work in process	14,723,369	18,395,164
Finished goods	26,028,056	53,413,291
Waste	2,250,777	165,130
	<u>415,972,980</u>	<u>408,812,676</u>
<p>Stocks physically verified which were pledged with Soneri Bank Limited 11,216 cotton bales and with United Bank Limited 1,832 cotton bales. Stock pledged with Askari Bank Limited and Bank Al-Falah Limited were not made available for physical verification. Value of stock physically verified have been disclosed above.</p>		
20 TRADE DEBTS		
Export - secured - Considered good	59,291,817	24,044,911
Local - unsecured - Considered good	101,156,047	109,327,660
	<u>160,447,864</u>	<u>133,372,571</u>
21 LOANS AND ADVANCES		
Unsecured-considered good		
Advances		
To employees		
Staff	345,597	641,477
Workers	1,496,805	3,347,790
To suppliers	1,842,403	3,989,267
To contractors	63,126,410	41,942,880
Short term deposits	3,976,771	7,065,639
L/C payments	25,775,353	33,762,438
Advance Income tax	544,533	1,094,760
Freight subsidy receivable	14,160,980	35,727,768
	<u>5,656,659</u>	<u>5,656,659</u>
	<u>115,083,108</u>	<u>129,239,410</u>



Olympia Spinning & Weaving Mills Limited

	June 30, 2009 RUPEES	June 30, 2008 RUPEES
22 OTHER RECEIVABLES		
Sales tax receivable	12,630,318	11,162,228
Central excise duty receivable from banks	261,487	261,487
Others	4,140,419	3,192,078
	<u>17,032,224</u>	<u>14,615,793</u>
23 CASH AND BANK BALANCES		
Cash in hand	849,267	1,707,449
Cash at bank in current accounts	857,074	453,077
	<u>1,706,341</u>	<u>2,160,525</u>
24 SALES		
Local		
Yarn	1,041,925,057	1,035,943,346
Raw cotton	3,441,042	218,151,204
Waste	63,113,941	114,083,619
	1,108,480,040	1,365,178,169
Export		
Yarn	1,275,989,804	1,407,838,568
	1,275,989,804	1,407,838,568
	2,384,469,844	2,773,016,737
Brokerage and commission	(31,482,793)	(30,538,765)
	<u>2,352,987,051</u>	<u>2,742,477,972</u>
25 COST OF SALES		
Raw material consumed (Note:25.1)	1,978,835,848	2,046,480,275
Packing material consumed (Note:25.2)	45,687,158	47,306,935
Stores and spare parts consumed (Note:25.3)	24,180,032	25,750,511
Salaries, wages and benefits (Note: 25.4)	142,968,310	112,079,589
Power and fuel	208,897,212	210,803,319
Doubling Charges	237,600	
Vehicle running and maintenance	839,192	693,192
Traveling and conveyance	83,158	73,186
Repairs and maintenance	2,914,270	4,022,437
Insurance	6,722,205	8,188,011
Miscellaneous overheads	788,008	587,513
Depreciation (Note:14.1)	60,728,904	56,765,809
	2,472,881,897	2,512,750,777
Work in process		
Opening	18,395,164	17,014,163
Closing	(14,723,369)	(18,395,164)
	3,671,795	(1,381,001)
Cost of goods manufactured	2,476,553,692	2,511,369,776
Cotton Yarn purchase	67,674,300	4,646,588
Finished goods and waste		
Opening	53,578,421	59,697,562
Closing	(28,278,833)	(53,578,421)
	25,299,588	6,119,141
Cost of sales	<u>2,569,527,580</u>	<u>2,522,135,506</u>
25.1 RAW MATERIAL CONSUMED		
Opening stock	336,839,091	408,020,530
Purchases	2,014,967,535	1,975,298,836
	2,351,806,626	2,383,319,366
Closing stock	(372,970,778)	(336,839,091)
	<u>1,978,835,848</u>	<u>2,046,480,275</u>



Olympia Spinning & Weaving Mills Limited

	June 30, 2009 RUPEES	June 30, 2008 RUPEES
25.2 PACKING MATERIAL CONSUMED		
Opening stock	4,353,093	3,070,176
Purchases	45,015,629	48,589,852
	49,368,722	51,660,028
Closing stock	(3,681,564)	(4,353,093)
	<u>45,687,158</u>	<u>47,306,935</u>
25.3 STORES AND SPARES CONSUMED		
Opening stock	12,657,744	5,526,845
Purchases	21,332,275	32,881,408
	33,990,019	38,408,254
Closing stock	(9,809,986)	(12,657,744)
	<u>24,180,032</u>	<u>25,750,511</u>
25.4	It includes Rs. 1,080,441/- (June 2008: Rs. 2,033,800/-) in respect of staff retirement benefits.	
26 DISTRIBUTION COST		
Freight and cartage	48,258,653	42,656,963
Export Development Surcharge	3,063,258	3,491,599
	<u>51,321,911</u>	<u>46,148,562</u>
27 ADMINISTRATIVE AND SELLING EXPENSES		
Salaries and other benefits (Note:27.1)	16,724,306	16,918,223
Rent, rates and taxes	4,725,781	4,729,157
Electric gas and water	1,027,417	951,252
Postage, telephone and telex	1,289,166	1,437,601
Printing and stationery	553,540	551,496
Traveling and conveyance	180,489	1,010,887
Legal and professional	1,924,226	3,258,577
Newspapers and periodicals	10,838	9,479
Repairs and maintenance	748,816	771,835
Charity and donation (Note:27.2)	50,000	5,000
Advertisement and publicity	62,013	167,918
Motor vehicle expenses	1,078,364	937,426
Entertainment	882,548	863,848
Packing Charges	3,970	-
Auditor's remuneration:		
Audit fee	346,250	192,500
Half yearly review fee	75,000	75,000
	421,250	267,500
Miscellaneous	597,521	678,499
Insurance Expense	522,113	570,309
Depreciation (Note:14)	2,814,256	3,313,719
	<u>33,616,614</u>	<u>36,442,725</u>
27.1 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES		
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.	
27.2	Directors and their spouse have no interest in the donees.	
28 OTHER OPERATING INCOME		
Gain on disposal of fixed assets	-	222,494
Scrap sales	3,062,500	3,372,668
Other receipts	1,133,989	-
	<u>4,196,489</u>	<u>3,595,162</u>



Olympia Spinning & Weaving Mills Limited

	June 30, 2009 RUPEES	June 30, 2008 RUPEES
29 FINANCE COST		
Interest/mark-up on		
Long term loans	34,365,156	39,603,924
Bank running finance	89,985,587	75,451,106
Finance charges on lease	18,098,366	17,558,263
	142,449,109	132,613,293
Markup Others	18,105,222	-
Markup recovered from Subsidiary Company	-	(2,619,050)
Gain or loss on cross currency swap	-	(865,928)
LC discounting and Bank charges	12,378,114	12,444,092
	<u>172,932,445</u>	<u>141,572,407</u>
30 TAXATION		
Current (Note 30.1)	12,407,429	14,284,234
Prior	1,686,169	518,352
	<u>14,093,598</u>	<u>14,802,586</u>
30.1 Current		
The provision for taxation has been made in these financial statement on the basis of section 169 of the income tax ordinance,2001		
31 EARNINGS PER SHARE - BASIC & DILUTED		
There is no dilutive effect on the basic earnings per share of the company		
Loss for the year in rupees	(484,308,608)	(15,028,650)
Total number of ordinary shares	12,000,000	12,000,000
Earnings per share in rupees- Basic and diluted	<u>(40.36)</u>	<u>(1.25)</u>
32 CASH GENERATED FROM OPERATIONS		
Profit/(Loss) before taxation	(470,215,010)	(226,064)
Adjustment for non cash charges and other items		
Depreciation	63,543,160	60,079,528
Financial charges	172,932,445	141,572,407
(Gain)/Loss on disposal of fixed assets	-	(222,494)
Provision for gratuity	1,080,441	2,033,801
	<u>237,556,046</u>	<u>203,463,242</u>
Operating profit / (loss) before working capital changes	(232,658,964)	203,237,177
(Increase)/decrease in current assets		
Stock, Store & spare parts	(3,641,017)	67,505,763
Trade debts	(27,075,293)	(53,877,671)
Loans and advances	(16,071,656)	27,476,241
Other receivables	(2,416,431)	246,786
	(49,204,397)	41,351,120
Increase/(decrease) in current liabilities		
Trade and other payables	166,321,781	106,436,581
	<u>166,321,781</u>	<u>106,436,581</u>
	<u>(115,541,580)</u>	<u>351,024,878</u>
33 TRANSACTION WITH SUBSIDIARY/ASSOCIATED UNDERTAKING		
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 (Note:33.1)	197,506,166	198,392,080
33.1	This amount represents the purchase of electric power from Olympia Power Generation (Private) Limited.	
33.2	Transactions with associated undertakings/subsidiary are carried out on mutually agreed terms.	



Olympia Spinning & Weaving Mills Limited

34 FINANCIAL INSTRUMENT RELATED DISCLOSURE

34.1 YIELD / MARK UP RATE RISK

Yield / mark up rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market yield / mark up rates. Sensitivity to yield / mark up rate risk arises from mismatches of financial assets and liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Company is exposed to yield / mark up rate risk in respect of the following

	2009						TOTAL
	interest/mark up bearing			non interest/mark up bearing			
	Within one year	More than one year	Sub total	Within one year	More than one year	Sub total	
	RUPEES						
FINANCIAL ASSETS							
Deposits	-	-	-	25,775,353	-	25,775,353	25,775,353
Trade debts	-	-	-	160,447,864	-	160,447,864	160,447,864
Other receivables	-	-	-	17,032,224	-	17,032,224	17,032,224
Cash and bank balances	-	-	-	1,706,341	-	1,706,341	1,706,341
				204,961,782		204,961,782	204,961,782
FINANCIAL LIABILITIES							
Loans	30,687,481	210,645,850	241,333,331	-	54,980,391	54,980,391	296,313,722
Liabilities against assets subject to finance lease	38,734,089	74,974,933	113,709,022	-	-	-	113,709,022
Short term finance	961,586,030	-	961,586,030	-	-	-	961,586,030
Trade and other payables	-	-	-	575,627,570	-	575,627,570	575,627,570
	1,031,007,600	285,620,783	1,316,628,383	575,627,570	54,980,391	630,607,961	1,947,236,344
Off balance sheet items:							
Bank Guarantees issued	-	-	-	-	-	-	-
Other commitments	-	-	-	-	-	-	45,196,239
Total							45,196,239
Total yield / mark up rate risk sensitivity gap	(1,031,007,600)	(285,620,783)	(1,316,628,383)	(370,665,788)	(54,980,391)	(425,646,179)	(1,742,274,562)
Off balance sheet gap							(45,196,239)

	2008						TOTAL
	Interest/mark up bearing			non Interest/mark up bearing			
	Within one year	More than one year	Sub total	Within one year	More than one year	Sub total	
	RUPEES						
FINANCIAL ASSETS							
Deposits	-	-	-	33,762,438	-	33,762,438	33,762,438
Trade debts	-	-	-	133,372,571	-	133,372,571	133,372,571
Other receivables	-	-	-	14,615,793	-	14,615,793	14,615,793
Cash and bank balances	-	-	-	2,160,525	-	2,160,525	2,160,525
				183,911,327		183,911,327	183,911,327
FINANCIAL LIABILITIES							
Loans	58,333,336	252,999,996	311,333,332	-	53,416,050	53,416,050	364,749,382
Liabilities against assets subject to finance lease	22,003,844	128,946,783	150,950,627	-	-	-	150,950,627
Short term finance	526,862,346	-	526,862,346	-	-	-	526,862,346
Trade and other payables	-	-	-	409,305,789	-	409,305,789	409,305,789
	607,199,526	381,946,779	989,146,305	409,305,789	53,416,050	462,721,839	1,451,868,144
Off balance sheet items:							
Bank Guarantees issued	-	-	-	-	-	-	-
Other commitments	-	-	-	-	-	-	201,785,978
Total							201,785,978
Total yield / mark up rate risk sensitivity gap	(607,199,526)	(381,946,779)	(989,146,305)	(225,394,462)	(53,416,050)	(278,810,512)	(1,267,956,817)
Off balance sheet gap							(201,785,978)

Effective yield / mark up rate was mentioned in the relevant notes.

34.2 Concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and causes the other party to incur a financial loss. Concentration of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Company attempts to control credit risk by monitoring credit exposure, limiting transaction with specific counterparties and continually assessing the creditworthiness of counterparties.

34.3 Fair value of financial instruments

The carrying value of all the financial instruments reported in the financial statement approximate their fair value.

34.4 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The management manages the risk through efficient use of forward covers and believes that it is not exposed to significant exchange risk. As at year end no forward contracts have been taken up by the management due to strengthening of the local currency against foreign currencies.

34.5 Capital risk management

The objective of the company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefit for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

The company manages its capital structure by monitoring return on net assets and make adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue new shares.



Olympia Spinning & Weaving Mills Limited

	June 30, 2009 RUPEES	June 30, 2008 RUPEES
35 PLANT CAPACITY AND PRODUCTION:		
Total number of spindles installed	44,484	44,484
Average No. of spindles worked	44,004	44,004
Number of shifts	3	3
Actual production of the period in kgs after conversion into 20/1 count	14,253,918	14,144,356
Installed capacity of the period in kgs after conversion into 20/1 count	15,104,644	15,104,644

It is difficult to describe precisely the production capacity in textile industry since it fluctuates widely depending on various factors. Such as count of yarn spun, spindle speed, twist per inch and raw material used etc. It would also vary according to the pattern of production adopted in a particular year.

36 General

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

37 DATE OF AUTHORISATION FOR ISSUE

The Board of directors of the company authorized these financial statements for issue on October 07, 2009.

CHIEF EXECUTIVE

Karachi: October 07, 2009

DIRECTOR



Olympia Spinning & Weaving Mills Limited

OLYMPIA GROUP
CONSOLIDATED FINANCIAL STATEMENT

30 JUNE 2009



Olympia Spinning & Weaving Mills Limited

DIRECTORS REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

The Directors have pleasure in presenting their Annual Consolidated Report along with audited accounts of the Group for year ended June 30, 2009 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 year ended 30 June, 2009 has been presented separately.

GROUP RESULTS

The operating results of the period under review has resulted in net loss before taxation of Rs.452,858,349/- with net sales of Rs.2,352,987,051/-

	For Year ended June 30, 2009 Rupees	For Year ended June 30, 2008 Rupees
Gross Sales	2,352,987,051	2,742,477,972
Gross (loss)/Profit	(184,678,190)	234,892,936
(Loss)/ Profit from Operation	(272,447,338)	152,336,466
EPS	(38)	(0.8)

OLYMPIA POWER GENERATION (PVT) LIMITED

Olympia Power Generation (Pvt) Limited, groups subsidiary earns good profit of Rs 17 million with sales of Rs 197.5 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: 7th October, 2009

WAQAR MONNOO
(Chief Executive/Director)



Olympia Spinning & Weaving Mills Limited

AUDITORS' REPORT TO THE MEMBERS

We have examined the annexed consolidated financial statements comprising consolidated balance sheet of **Olympia Spinning & Weaving Mills Limited** (the holding company) and its subsidiary company Olympia Power Generation (Pvt) Limited as at June 30, 2009 consolidated profit and loss account, the consolidated cash flow statement and the consolidated statement of changes in equity together with the notes forming part thereof, for the year ended June 30, 2009. We have also expressed a separate opinion on the financial statements of Olympia Spinning Mills Limited and its subsidiary company. These financial statements are the responsibility of the holding company's management. Our responsibility is to express an opinion on these financial statements based on our examination.

Our examination was made in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures, as we considered necessary in the circumstances. We report that;

As mentioned in note 14.1, Olympia Spinning and Weaving Mills Limited has not provided liability under cross currency swap contracts loss of Rs. 293.35 million. The amount has been declared as Contingent Liability in Note No. 14.1. The company has filed a suit in High Court of Sindh and obtained stay order against the settlement of cross currency swap contracts on the provisions of the contracts. Had the provision been accounted for, the loss for the year of Consolidated Account would increase to Rs. 760.301 million.

As mentioned in note 14.2 to the financial statements which describes that two banks have filed suits Nos B 120/2009 and B131/2009 against the company in the high court of Sindh and in the banking court for recovery of Rs.508.816 million and Rs.197.675 million for the loan balances of banking facilities alledging the unauthorized utilization /lifting of pledged stock by the Company .The Company is defending the case in the high court.

We draw attention that the accumulated loss of the company stands at Rs. 505.335 million. The current liabilities exceed current assets by 960.963 million. The going concern assumption is based on the financial support/ commitment by the sponsors/directors as mentioned in note 1.3.

CHARTERED ACCOUNTANTS

KARACHI: October 07, 2009

MUSHTAQ & COMPANY

Engagement Partner:
Shahabuddin A. Siddiqui



Olympia Spinning & Weaving Mills Limited

CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2009

EQUITY AND LIABILITIES	NOTE	JUNE 30, 2009 RUPEES	JUNE 30, 2008 RUPEES
SHARE CAPITAL AND RESERVES			
Authorized capital 13000,000 Ordinary shares of Rs.10 each.		<u>130,000,000</u>	<u>130,000,000</u>
Issued, subscribed and paid up capital	4	120,000,000	120,000,000
Reserves	5	<u>(457,089,133)</u>	<u>15,323,309</u>
		(337,089,133)	137,332,904
Minority Interest	6	37,680,106	31,880,185
Surplus on revaluation of property, plant and equipment	7	1,116,832,025	798,934,764
NON CURRENT LIABILITIES			
Long term financing	8	306,788,524	362,141,075
Liability against assets subject to finance lease	9	74,974,933	128,946,783
Deferred liabilities	10	3,325,531	4,663,819
CURRENT LIABILITIES			
Trade and other payables	11	571,570,654	403,858,404
Interest / mark-up accrued on loans	12	59,524,348	27,849,098
Short-term borrowings	13	962,296,351	526,965,655
Current portion of			
- long term financing		42,131,733	79,193,595
- liabilities against asset subject to finance lease		39,740,391	23,309,136
Provision for taxation		<u>12,407,429</u>	<u>34,653,408</u>
		1,687,670,906	1,095,829,295
CONTINGENCIES AND COMMITMENTS			
	14		
		<u>2,890,182,892</u>	<u>2,559,728,825</u>
PROPERTY AND ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	15	2,141,882,028	1,817,291,771
Capital work in progress	16	-	5,963,413
Long term deposit	17	21,593,772	21,495,772
CURRENT ASSETS			
Stores and spare parts and loose tools	18	13,835,953	18,166,159
Stock in trade	19	415,972,980	408,812,676
Trade debts - considered good	20	160,447,864	133,372,571
Loans and advances	21	116,379,797	137,945,702
Other receivables	22	17,893,247	14,060,003
Cash and bank balances	23	<u>2,177,251</u>	<u>2,620,758</u>
		726,707,092	714,977,869
		<u>2,890,182,892</u>	<u>2,559,728,825</u>

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

CHIEF EXECUTIVE

DIRECTOR

Karachi: October 07, 2009



Olympia Spinning & Weaving Mills Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2009

	NOTE	For the year ended June 30, 2009	For the year ended June 30, 2008
		RUPEES	RUPEES
Sales (net)	24	2,352,987,051	2,742,477,972
Cost of sales	25	(2,537,665,241)	(2,507,585,037)
Gross (loss)/profit		(184,678,190)	234,892,936
Distribution cost	26	(51,321,911)	(46,148,562)
Administrative expenses	27	(39,728,330)	(38,604,601)
Other operating income	28	3,282,981	2,196,691
		(87,767,260)	(82,556,472)
Operating (loss)/profit		(272,445,450)	152,336,464
Finance cost	29	(180,412,899)	(147,092,183)
Net (loss)/profit before taxation		(452,858,349)	5,244,282
Taxation	30	(14,093,598)	(14,802,586)
Net loss for the year after taxation		(466,951,947)	(9,558,302)
Attributable to:			
Equity holders of the parent		(473,894,612)	(11,742,280)
Minority Interest		6,942,665	2,183,978
		(466,951,947)	(9,558,302)
Earning per share - Basic and diluted	31	(38.91)	(0.79)

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE

DIRECTOR

Karachi: October 07, 2009



Olympia Spinning & Weaving Mills Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2009

	Note	For year ended June30, 2009 RUPEES	For year ended June30, 2008 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	32	(70,975,979)	346,066,688
Taxes paid		(13,104,617)	(10,848,711)
Finance cost paid		(148,737,650)	(141,290,262)
Gratuity paid		(7,511,500)	(4,058,521)
Long term deposits		(98,000)	1,242,468
Net cash from operating activities		(240,427,746)	191,111,662
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		-	940,000
Net assets of subsidiary net of cash acquired		-	(74,443,038)
Fixed capital expenditure		(71,354,862)	(10,039,187)
Capital work in progress.		5,963,413	(2,661,885)
Net cash (used in)/from investing activities		(65,391,449)	(86,204,110)
CASH FLOW FORM FINANCING ACTIVITIES			
Long term finance		(92,414,413)	(19,582,677)
Short term borrowings		435,330,697	(65,604,320)
Repayment of lease liabilities		(37,540,595)	(24,021,279)
Net cash used in financing activities		305,375,689	(109,208,276)
Net increase in cash and cash equivalents		(443,506)	(4,300,724)
Cash and cash equivalents at the beginning of the year		2,620,758	6,921,482
Cash and cash equivalents at the end of the year		2,177,251	2,620,758

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE

DIRECTOR

Karachi: October 07, 2009



Olympia Spinning & Weaving Mills Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2009

	Attributable to equity holders of the parent				TOTAL	MINORITY INTEREST	TOTAL EQUITY
	PAID UP CAPITAL	REVENUE RESERVE	CAPITAL RESERVE	UN-APPROPRIATED LOSS			
	RUPEES						
Balance as at February 09, 2008	120,000,000	3,580,053	-	(25,640,777)	97,939,276	-	97,939,276
Share in net assets as at the date of consolidation	-	-	-	-	-	28,657,216	28,657,216
Gift of Shares by shareholders of Olympia Power Generation(Pvt) Limited.	-	-	44,665,822	-	44,665,822	-	44,665,822
Loss for the year including share of actuarial loss	-	-	-	(14,251,996)	(14,251,996)	2,102,969	(12,149,027)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation charged in the current year 2008	-	-	-	6,970,206	6,970,206	-	6,970,206
Balance as at June 30, 2008	120,000,000	3,580,053	44,665,822	(32,922,566)	135,323,309	30,760,185	166,083,494
Loss for the period including share of actuarial loss	-	-	-	(478,961,954)	(478,961,954)	6,919,921	(472,042,033)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation charged in the current year 2009	-	-	-	6,549,513	6,549,513	-	6,549,513
Balance as at June 30, 2009	120,000,000	3,580,053	44,665,822	(505,335,008)	(337,089,133)	37,680,106	(299,409,026)

June 30, 2009 June 30, 2008

RUPEES RUPEES

STATEMENT OF RECOGNISED INCOME AND EXPENSES

Loss for the year	(473,894,612)	(11,742,280)
Actuarial (Loss) recognised	(5,067,342)	(2,509,716)
	<u>(478,961,954)</u>	<u>(14,251,996)</u>

The annexed notes form an integral part of these financial statements

DIRECTOR

CHIEF EXECUTIVE

Karachi: October 07, 2009



Olympia Spinning & Weaving Mills Limited

Notes to the Consolidated financial statements For the year ended 30th June 2009

1 The Company and its Operations

1.1 THE COMPANY AND ITS OPERATIONS:

Olympia Spinning & Weaving Mills Limited (the parent 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. Olympia Power Generation (Pvt) Limited (the subsidiary) was incorporated in Pakistan as a private limited company on August 30, 1994. The Subsidiary is engaged in power generation and sale of electricity. The holding company holds 9,000 equity shares representing 60% shareholding by virtue of gift of shares by directors of subsidiary at free of cost on 9th February, 2008. The registered office of the company is situated at F-3 Farzana Building, 1st floor, Block 7 & 8, Shaheed-e-Millat Road Karachi.

- 1.2 Subsequent to the balance sheet date the Askari Bank Ltd and Bank Alfalah Ltd have filed separate suits in the high court of Sindh and in banking court for recovery of Rs. 508.816 and Rs.197.675 for the loan balances against the banking facilities provided by them alleging the 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 accumulated loss of the company which stands at Rs.505.335 million. The current liabilities exceed current assets by Rs 960.963 million. The directors have given their commitment that in case the decision of the high court and banking court is decided 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

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 provision of and directives issued under the Companies Ordinance, 1984. In case requirement differ, the provisions of and directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost convention except for certain financial instruments at fair value and employees retirement benefits at present value. In these financial statements, except for cash flow statements, all transactions have been accounted for on accrual basis.

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.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 38 to these financial statements.

2.5 Standards, interpretations and amendments to published approved accounting standards

2.5.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

- IFRS - 7 Financial Instruments : Disclosures (effective for annual periods beginning on or after 28 April 2008) supersedes IAS - 30 Disclosures in the Financial Statements of Banks and Similar Financial Institutions and the disclosures requirements of IAS - 32 Financial Instruments : Disclosure and Presentation. The application of the standard did not have significant impact on the company's financial statements other than increase in disclosures.



Olympia Spinning & Weaving Mills Limited

- IAS - 29 Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 28 April 2008). The company does not have any operations in hyperinflationary economies and therefore the application of the standard did not affect the company's financial statements.
- IFRIC - 13 Customer Loyalty Programmes (effective for annual periods beginning on or after 01 July 2008) addresses the accounting by entities that operate or otherwise participate in customer loyalty programmes under which the customer can redeem credit for award such as free or discounted goods or services. The application of IFRIC - 13 did not affect the company's financial statements.
- IFRIC - 14, IAS - 19 The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective for annual periods beginning on or after 01 January 01 2008). IFRIC - 14 clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on minimum funding requirements for such asset. The interpretation has no effect on company's financial statements.

2.5.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, interpretations and amendments of approved accounting standards are only effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the company's operations or are not expected to have significant impact on the company's financial statements other than increased disclosures in certain cases.

- Revised IAS - 1 Presentation of Financial Statements (effective for annual periods beginning on or after 01 January 2009) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income.
- Revised IAS - 23 Borrowing Costs (effective for annual periods beginning on or after 01 January 2009) removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets as part of the cost of that asset. The application of the standard is not likely to have an effect on the company's financial statements.
- Amended IAS - 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 01 July 2009) requires accounting for changes in ownership interest by the group in a subsidiary, while maintaining control, to be recognized as an equity transactions. When the group loses controls of subsidiary, any interest retained in the former a subsidiary will be measured at fair value with the gain or loss recognized in the profit or loss. The application of the standard is not likely to have an effect on the company's financial statements.
- IAS - 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 01 January 2009). The amendment removes the definition of the cost methods from IAS - 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The amendment is not likely to have an effect on company's financial statements.
- Amendments to IAS - 32 Financial Instruments : Presentation and IAS - 1 Presentation of Financial Statements (effective for annual period beginning on after 01 January 2009) - Puttable Financial Instruments and Obligations Arising on Liquidations requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The amendments, which requires retrospective application, or not expected to have any impact on the company's financial statements.
- Amendment to IAS - 39 Financial Instruments : Recognition and Measurement - Eligible hedged items (effective for annual periods beginning on or after 01 July 2009) clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. The amendment is not likely to have an effect on the company's financial statements.



Olympia Spinning & Weaving Mills Limited

- Amendments to IAS - 39 and IFRIC - 9 Embedded derivatives (effective for annual periods beginning on or after 01 January 2009). Amendments require entities to assess whether they need to separate an embedded derivative from a hybrid (combined) financial instrument when financial assets are reclassified out of the fair value. The amendments are not likely to have an effect on company's financial statements.
- Amendment to IFRS - 2 Share-based Payment - Vesting Conditions and Cancellations (effective for annual periods beginning on or after 01 January 2009) clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The application of this standard is not likely to have any effect on the company's financial statements.
- Amendment to IFRS - 2 Share-based Payment - Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 01 January 2010). Currently effective IFRS requires attribution of group share-based payment transactions only if they are equity-settled. The amendments resolve diversity in practice regarding attribution of cash-settled share-based payment transactions and require an entity receiving goods or services in either an equity-settled or a cash-settled payment transactions to account for the transaction in its separate or individual financial statements.
- Revised IFRS - 3 Business Combinations (applicable for annual periods beginning on or after 01 July 2009) broadens among other things the definition of business resulting in more acquisitions being treated as business combinations, contingent consideration to be measured at fair value, transaction costs other than share and debt issue costs to be expensed, any pre-existing interest in an acquire to be measured at fair value, with the related gain or loss recognized in profit or loss and any non-controlling (minority) interest to be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of an acquire, on a transaction-by-transaction basis. The application of this standard is not likely to have an effect on the company's financial statements.
- IFRS - 4 Insurance Contracts (effective for annual periods beginning on or after 01 January 2009). The IFRS makes limited improvements to accounting for insurance contracts until the Board completes the second phase of its project on insurance contracts. The standard also requires that an entity issuing insurance contracts (an insurer) to disclose information about those contracts. The standard is not applicable to the company's operations.
- Amendment to IFRS - 7 Improving disclosures about Financial Instruments (effective for annual periods beginning on or after 01 January 2009). These amendments have been made to bring the disclosure requirements of IFRS - 7 more closely in line with US standards. The amendments introduce a three-level hierarchy for fair value measurement disclosures and require entities to provide additional disclosures about the relative reliability of fair value measurements.
- The International Accounting Standards Board made certain amendments to existing standards as part of its first annual Improvements project. The effective dates for these amendments vary by standard and most will be applicable to the company's 2010 financial statements. These amendments are unlikely to have an impact on the company's financial statements.
- The International Accounting Standards Board made certain amendments to existing standards as part of its Second annual improvements project. The effective dates for these amendments vary by standard and most will be applicable to the company's 2010 financial statements. These amendments are unlikely to have an impact on the Company's financial statements.
- IFRS - 8 Operating Segments (effective for annual periods beginning on or after 01 January 2009) introduces the "management approach" to segment reporting. IFRS - 8 will require a change in the presentation and disclosure of segment information based on the internal reports that a regularly reviewed by the company's "chief operating decision maker" in order to assess each segment's performance and to allocate resources to them.
- IFRIC - 15 Agreement for the Construction of Real Estate (effective for annual periods beginning on or after 01 October 2009) clarifies the recognition of revenue by real estate developers for sale of units, such as apartments or houses, 'off-plan', that is, before construction is complete. The IFRIC is not relevant to the company's operations.



Olympia Spinning & Weaving Mills Limited

- IFRIC - 16 Hedge of Net Investment in a Foreign Operation (effective for annual periods beginning on or after 01 October 2008) clarifies that net investment hedging can be applied only to foreign exchange differences arising between the functional currency of a foreign operation and the parent entity's functional currency and only in an amount equal to or less than the net assets of the foreign operation, the hedging instrument may be held by any entity within the group except the foreign operation that is being hedged and that on disposal of a hedged operation, the cumulative gain or loss on the hedging instrument that was determined to be effective is reclassified to profit or loss. The interpretation allows an entity that uses the step-by-step method of consolidation an accounting policy choice to determine the cumulative currency translation adjustment that is reclassified to profit or loss on disposal of a net investment as if the direct method of consolidation had been used. The IFRIC is not relevant to the company's operations.
- IFRIC - 17 Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after 01 July 2009) states that when a company distributes non cash assets to its shareholders as dividend, the liability for the dividend is measured at fair value. If there are subsequent changes in the fair value before the liability is discharged, this is recognized in equity. When the non cash asset is distributed, the difference between the carrying amount and fair value is recognized in the income statement. As the company does not distribute non-cash assets to its shareholders, this interpretation has no impact on the company's financial statements.
- IFRIC - 18 Transfers of Assets from Customers (to be applied prospectively to transfers of assets from customers received on or after 01 July 2009). This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). The interpretation is not relevant to the company's operations.

3 Summary of Significant Accounting Policies

3.1 Principles of Consolidation

Subsidiaries are all entities over which the holding company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The consolidated financial statements includes Olympia Spinning and Weaving Mills Limited and all companies in which it directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date when control ceases.

The assets and liabilities of subsidiary company have been consolidated on a line-by-line basis and the carrying value of investments are eliminated against subsidiary share capital and pre-acquisition reserves in the consolidated financial statements. Inter-company transactions, balances and unrealized gains on transactions between group company is eliminated in full. Accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority Interest

Minority interests are that part of the net results of operations and of net assets of subsidiaries attributable to interests which are not owned by the parent company.

3.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupees.

3.3 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, 2009 using the Projected Unit Credit Method.



Olympia Spinning & Weaving Mills Limited

Any actuarial gain or loss recognized during the year is accounted for under para 93A of IAS-19 by recognizing whole amount of actuarial gain or loss in "Statement of recognized income and expense" in statement of changes in equity.

3.4 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.

3.5 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.

3.6 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.

3.7 Property, plant and equipment

a) Owned

Property plant and equipment except land are stated at cost less accumulated depreciation and impairment loss, if any.

Depreciation on additions during year is charged on pro-rata basis when the assets are available for use. 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.

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.



Olympia Spinning & Weaving Mills Limited

3.8 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.

3.9 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	Monthly average except those in transit which are stated at cost comprising invoice value plus other charge incurred thereon
Finished goods and Work in process	Raw material cost plus appropriate Manufacturing Overheads

Wast At net realizable value

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

3.10 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.

3.11 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.

3.12 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.

3.13 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.

3.14 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.

3.15 Derivative Financial Instruments

These are initially recognised at cost and are subsequently remeasured at their fair value. The method of recognising 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 (unrealised gains) are included in other assets and derivatives with negative market values (unrealised Losses) are included in other liabilities in the balance sheet. The resultant gain and losses are included in the income currently.

3.16 Borrowing cost

All mark up, interest and other charges are charged to current income on an accrual basis.

3.17 Dividend and appropriation to reserves

The dividend distribution and appropriation to reserves is recognised in the period in which, these are approved.



Olympia Spinning & Weaving Mills Limited

	June 30, 2009 RUPEES	June 30, 2008 RUPEES
4 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
2,200,000 Ordinary shares of Rs.10 each allotted for consideration paid in cash	22,000,000	22,000,000
200,000 Ordinary shares of Rs.10 each allotted as bonus shares	2,000,000	2,000,000
9,600,000 Ordinary shares of Rest. 10 each issued as right shares	96,000,000	96,000,000
	<u>120,000,000</u>	<u>120,000,000</u>
5 RESERVES		
Revenue reserve	3,580,053	3,580,053
Capital Reserve	44,665,822	44,665,822
Accumulated loss	(505,335,008)	(32,922,566)
	<u>(457,089,133)</u>	<u>15,323,309</u>
6 MINORITY INTEREST		
Share capital	90,000	90,000
General reserve	6,000,000	6,000,000
Accumulated profit	31,590,106	25,790,185
	<u>37,680,106</u>	<u>31,880,185</u>
7 SURPLUS ON REVALUATION OF FIXED ASSETS		
Balance as at July 01, 2008	798,934,764	553,782,970
Add: surplus on revaluation of land	223,989,031	252,122,000
Add: surplus on revaluation of factory building	50,941,948	-
Add: surplus on revaluation of plant & machinery	49,515,795	-
	<u>1,123,381,538</u>	<u>805,904,970</u>
Less:		
transfer to equity in unappropriated profit on account of incremental depreciation for the year.	<u>6,549,513</u>	<u>6,970,206</u>
	<u>6,549,513</u>	<u>6,970,206</u>
Balance as at June 30, 2009	<u>1,116,832,025</u>	<u>798,934,764</u>
6.1 During the year the company revalued its Land, Factory building & plant & machinery which resulted in surplus of 223.989(M), 50.941(M) & 49.515(M) respectively. The revaluation was carried out under market value basis by an independent valuer 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(M) & 151.635(M) 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 (M).		
8 LONG TERM FINANCING		
From banking companies - secured		
Loan 1 (Note:8.1)	63,000,000	63,000,000
Loan 2 (Note:8.2)	128,333,332	137,499,999
Loan 3 (Note:8.2(a))	4,999,999	5,833,333
Loan 5 (Note: 8.3)	-	60,000,000
Loan 6 (Note: 8.4)	45,000,000	45,000,000
Loan 6 (Note: 8.5)	51,292,783	76,585,288
	<u>292,626,114</u>	<u>387,918,620</u>
From related party - unsecured		
Directors loan- Sub-ordinated (Note: 8.6)	<u>56,294,143</u>	<u>53,416,050</u>
	56,294,143	53,416,050
Current maturity of long term financing	<u>(42,131,733)</u>	<u>(79,193,595)</u>
	<u>306,788,524</u>	<u>362,141,075</u>
8.1 This term loan with UBL is for Rs.63.00 million for 5 years with a grace period of two years starting from August 31,2009 and repayable in quarterly installments of Rs.5.25m each. This is secured by equitable mortgage of Rs.575.396 million on fixed assets, and floating charge on current assets and personal guarantee of Directors. Mark-up is @ 3 months Kibor + 2.5 % per annum, payable quarterly. The balance at bank remain, unconfirmed by the bank. Confirmation was sent.		
8.2 This revised Term finance with Askari Bank Ltd. for Rs. 128.333 million is for four years with a grace period of one year. Repayment is in 16 equal quarterly installments starting from 1st January 2010 and ending in December 2013. This is secured by specific charge of Rs. 200 million over the machinery imported and purchased locally and first pari passu charge of Rs. 310 million over plant and machinery and personal guarantee of directors. Mark-up is @ 3 months Kibor + 2.25% hps payable quarterly. Over due installment Rs.833,334		
8.2 (a) This revised long Term financing with Askari Bank Ltd. for Rs. 6.25 million is for four years and secured by specific charge of Rs. 200million on imported machinery and Rs.310 million on plant and machinery along with other facilities. Repayments are in 20 equal quarterly installments of Rs.0.416 million ending in December 2012. Mark up is SBP refinance rate plus 2% payable quarterly.		



Olympia Spinning & Weaving Mills Limited

- 8.3 This term finance from Soneri Bank Ltd has 12 months grace period and repayable in four half yearly installments commencing from 1st July 2008 and ending in 1st January 2010 and carries mark up @ 6 months kibor + 2.65 % per annum, payable quarterly. Total facility amount is Rs. 60.00 million. Charge on fixed assets of the company is to the extent of Rs. 80 million. During the year it was converted to short term facility.
- 8.4 This demand finance has been rescheduled with My Bank Ltd. having 6 months grace period and repayable in 9 half yearly installments commencing from January 2011 and ending on January, 2015 and carries mark-up @ 6 months kibor + 4% mark-up payable quarterly. Total facility amount is Rs 45.00(M). Charge over fixed assets of the company is Rs 67(M).
- 8.5 This represents debt swap arrangements for converting lease finance of Rs. 100 million into Long term financing (LTF-EOP) of Rs. 73.20 million under SBP's LTF-EOP Scheme and remaining portion into Term Finance facility of Rs 26.78 million. The Long term finance carries markup at the rate of SBP portion of markup + 3% and is payable in six half yearly installments. The Term finance facility carries markup at the rate of six month average KIBOR + 2.75%. Both these facilities are secured by 10% margin, first hypothecation charges over generators financed by the bank for Rs.135 (m). cross corporate guarantee of holding company and personal guarantees of directors of the company.
- 8.6 The Directors loan is unsecured and interest free and is not repayable in the next twelve months. This loan has been Subordinated to bank loan.

9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	June 30, 2009 RUPEES	June 30, 2008 RUPEES
Minimum lease payments		
Up to one year	53,459,454	40,206,572
More than one year but less than five years	83,166,389	149,185,386
	136,625,843	189,391,958
Less: Financial charges		
Up to one year	13,719,063	16,897,436
More than one year but less than five years	8,191,456	20,238,603
	21,910,519	37,136,039
Present value of minimum lease payments		
Up to one year	39,740,391	23,309,136
More than one year but less than five years	74,974,933	128,946,783
	114,715,324	152,255,919

- 9.1 The company has entered into lease agreements with various leasing companies. The lease agreement contains bargain purchase option. Taxes, repairs and maintenance, insurance and other costs relating to the leased assets are to be borne by the company. The rate of finance charges applied vary from 13.66 % to 20.18 % (June 2008 11.71% to 18.38%) per annum. The above liabilities are additionally secured by security deposits and personal guarantee of Directors.

10 DEFERRED LIABILITIES

Staff retirement benefit-gratuity (Note:10.1 to 10.5)	3,325,531	4,663,819
Deferred tax (Note:10.6)	-	-
	3,325,531	4,663,819

	June 30, 2009 RUPEES	June 30, 2008 RUPEES
10.1 Movement in the net liability recognized in the balance sheet		
Opening net liability	4,663,819	3,947,576
Expense for the year	6,173,212	4,774,764
	10,837,031	8,722,340
Contribution paid	(7,511,500)	(4,058,521)
Closing net liability	3,325,531	4,663,819
10.2 Expense recognized in the profit and loss account excluding actuarial loss		
Current service cost	898,240	1,910,343
Interest cost	298,604	273,696
	1,196,844	2,184,039

10.3 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.

10.4 Principal actuarial assumption

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

Discount rate	%	%
Expected rate of increase in salary	14	12
	5	5



Olympia Spinning & Weaving Mills Limited

10.5 Historical Information	2009	2008	2007	2006	2005
	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES
Present value of the defined obligation	3,325,531	4,663,819	3,523,054	3,258,442	2,893,776

10.6 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 finalised under the final tax Regime. Therefore, any timing differences arising during the year are not expected to reverse in future periods.

	June 30, 2009 RUPEES	June 30, 2008 RUPEES
11 TRADE AND OTHER PAYABLES		
Trade creditors	114,617,675	94,278,398
Withholding tax payable	1,515,090	3,300
Bills payable	438,575,536	292,168,084
Workers profit participation fund	2,115,830	1,398,471
Accrued expenses	14,746,522	16,010,151
	<u>571,570,654</u>	<u>403,858,404</u>
12 INTEREST / MARK-UP ACCRUED ON LOANS		
Long term financing	8,471,882	6,241,503
Short term borrowings	51,052,466	21,607,595
	<u>59,524,348</u>	<u>27,849,098</u>

	June 30, 2009 RUPEES	June 30, 2008 RUPEES
13 SHORT TERM BORROWINGS		
Secured-banking companies (Note: 13.1)	<u>962,296,351</u>	<u>526,965,655</u>

13.1 The facilities for running finance available from various banks amounted to Rs. 753.42 (M) (June 2008:Rs 846.5 (M)) and carries mark-up ranging from 13.27% to 15.77% (June 2008:11.75% to 18.35%) per annum payable quarterly. The above facilities are secured by pledge of raw cotton and hypothecation charge on stock and book debts and personal guarantee of directors. Out of above borrowings Rs.221.404 (M) relates to overdue acceptance.

13.2 During the physical verification of stock as on June 30, 2009 no pledged stock with Askari Bank Ltd and Bank Alfalah Ltd was made available to us for our physical verification. No muddadam report as at 30th June, 2009 for cross verification of stocks held under pledge under custody of muddadam have been provided for our verification in respect of Askari Bank and Bank Al-Falah Ltd.

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

The company has filed a suit in High Court of Sind and obtained Stay Order against settlement of cross currency swap contracts of Rs. 830(M), entered into by the company with a foreign bank. The company mainly contest on vague 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 management strongly believes that the case would be decided in company's favor. Till the finalization of the financial statements no significant development has taken place during hearing of case.

14.2 Subsequent to the balance sheet date the Askari Bank Ltd and Bank Alfalah Ltd has filed separate suits in the high court of Sind and in banking court for recovery of Rs. 508,816,709 and Rs.197,675,768 for the loan balances of banking facilities alledged the unauthorized utilization / lifting of pledged stock by the company. The company is defending the case in the high court.

14.3 The subsidiary company along with other captive power companies filed a suit against Sui Southern Gas Company that they should be treated as Independent Power Producers (IPPs) and not Captive Power Companies and should be charged to Rates of IPPs as declared by OGRA. Accordingly High Court of Sindh granted stay order to the company & SSGC is charging IPP rates in gas bills from August 2008. The Company did not recognized the amount of Rs. 29,093,044 being the rate difference between the IPPs and CPCs as the management firmly believe that the case will be decided in companies favour.

14.4 Guarantee issued in favour of Southern Gas Co. Ltd, Karachi for Rs.32,500 million (2008: Rs.32,500 million)

14.5 Cross corporate Guarantee issued in favour of Subsidiary Company.

	June 30, 2009 RUPEES	June 30, 2008 RUPEES
14.6 Commitments		
Capital Commitments for civil works		6,203,000
Letter of credit - import of cotton	<u>45,196,239</u>	<u>202,880,738</u>



Olympia Spinning & Weaving Mills Limited

15. PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE, 2009

PARTICULARS	COST / REVALUATION			RATE %	DEPRECIATION			W.D.V. AS AT 30-6-2009	
	AS AT 01-07-2008	ADDITION / (DELETION)	REVALUATION		TRANSFER IN/(OUT)	AS AT 01-07-2008	FOR THE YEAR		REVALUATION
OWNED									
Lease hold land	676,700,060	-	223,989,031	-	-	-	-	-	900,689,091
Factory building on lease hold land	404,383,193	2,130,473	45,997,942	4	47,338,996	13,187,804	96,939,580	-	3,607,205
Plant and machinery	1,062,260,322	40,048,705	355,605,635	6	422,166,685	39,240,762	405,121,430	2,083,184	58,371,201
Office equipment	7,779,964	518,857	-	10	3,305,961	473,712	-	-	3,779,673
Factory equipment	1,938,528	584,949	-	10	1,028,134	138,592	-	-	1,166,726
Furniture and fixture	6,011,757	-	-	10	2,312,288	369,947	-	-	2,682,235
Motor vehicles	8,066,863	-	-	20	5,147,818	863,138	-	2,126,356	8,137,312
Arms and ammunition	36,500	-	-	10	29,548	695	-	-	30,243
Electrical and pipe fittings	51,093,707	2,051,874	-	10	24,345,354	2,674,835	-	-	27,020,189
	2,218,270,834	71,354,862	625,592,308		545,694,784	56,949,484	502,061,020	4,211,540	104,794,788
									2,018,626,054
LEASED									
Plant and machinery	176,815,541	-	-	6	36,806,136	13,139,465	-	(2,085,184)	47,950,417
Motor vehicles	9,368,000	-	-	20	4,571,686	1,122,429	-	(2,126,356)	3,567,759
	186,183,541	-	-		41,467,821	14,261,894	-	(4,211,540)	51,518,175
									123,255,974
TOTAL RUPEES - 2009	2,404,454,375	71,354,862	625,592,308		587,162,605	71,211,378	502,061,020	-	156,312,963
TOTAL RUPEES - 2008	2,144,512,188	10,039,187	252,122,000		526,031,608	62,632,490	-	(1,501,494)	587,162,604
		(7,219,000)							1,817,291,771

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

	30-Jun-09	30-Jun-08
Depreciation has been allocated as under:	RUPEES	RUPEES
Cost of sales	68,381,457	59,318,771
Administrative expenses	2,829,921	3,313,719
	<u>71,211,378</u>	<u>62,632,490</u>

15.2 Had there been no revaluation the related figures of land and factory building as June 30, 2009 would have been as follows.

	Cost	Book Value
Lease hold land	383,000	383,000
Factory building on lease hold land	204,905,496	141,592,067
Plant and Machinery	927,428,827	510,431,179
As at 30th June 2009	<u>1,132,717,323</u>	<u>652,408,246</u>
As at 30th June 2008	<u>1,132,717,323</u>	<u>15,012,859</u>



Olympia Spinning & Weaving Mills Limited

PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE, 2008

PARTICULARS	COST / REVALUATION			RATE %	DEPRECIATION			W.D.V. AS AT 30-6-2008
	AS AT 01-07-2007	ADDITION / (DELETION)	REVALUATION		TRANSFER IN/(OUT)	AS AT 30-6-2008	FOR THE YEAR	
OWNED								
Lease hold land	424,578,000	-	252,122,000	-	-	-	-	676,700,000
Factory building on lease hold land	404,383,193	-	-	-	4	74,149,654	13,209,342	317,024,197
Plant and machinery	953,314,447	6,151,375	-	102,794,500	6	354,694,552	34,967,399	640,093,637
Office equipment	6,549,939	1,230,025	-	-	10	2,839,144	466,817	4,474,003
Factory tools and equipment	4,677,559	13,500	-	-	10	2,178,891	145,300	2,366,868
Furniture and fixture	5,881,028	130,729	-	-	10	1,911,949	400,339	3,699,469
Motor vehicle	729,980	566,883	-	8,989,000	20	487,365	699,721	2,919,045
		(2,219,000)					(1,501,494)	
Arms and ammunition	36,500	-	-	-	10	28,775	772	6,953
Electric and pipe fitting	46,394,501	1,946,675	-	-	10	20,239,088	2,810,209	25,291,879
	1,846,545,147	10,039,187	252,122,000	102,794,500		456,529,418	52,699,899	1,672,576,051
		(2,219,000)		8,989,000				
LEASED								
Plant and machinery	279,610,041	-	-	(102,794,500)	6	61,220,475	8,180,394	139,919,406
Motor vehicles	18,357,000	-	-	(8,989,000)	20	8,281,715	1,752,197	4,796,314
	297,967,041	-	-	(111,783,500)		69,502,190	9,932,591	144,715,720
TOTAL RUPEES - 2008	2,144,512,188	10,039,187	252,122,000	-		526,031,608	67,632,496	1,817,291,771
		(2,219,000)						
TOTAL RUPEES - 2007	1,869,251,279	96,513,070	-	-		427,986,069	61,212,207	1,473,819,904
		(6,122,440)						



Olympia Spinning & Weaving Mills Limited

	June 30, 2009 RUPEES	June 30, 2008 RUPEES
16 CAPITAL WORK IN PROGRESS		
Civil Works		
Opening Balance	5,963,413	3,301,528
Addition	13,555,507	2,661,885
Transfer	(19,518,920)	-
Closing Balance	-	5,963,413
17 LONG TERM DEPOSITS		
Lease security deposits	19,130,100	19,130,100
K.E.S.C.	1,829,694	1,829,694
Other deposits	633,978	535,978
	<u>21,593,772</u>	<u>21,495,772</u>
18 STORES, SPARE PARTS AND LOOSE TOOLS		
Stores and spares part	10,154,389	13,813,066
Packing material	3,681,564	4,353,093
	<u>13,835,953</u>	<u>18,166,159</u>
19 STOCK IN TRADE		
Raw material	372,970,778	336,839,091
Work in process	14,723,369	18,395,164
Finished goods	26,028,056	53,413,291
Waste	2,250,777	165,130
	<u>415,972,980</u>	<u>408,812,676</u>
<p>Stock physically verified which were pledge with Soneri Bank Limited 11,216 cotton bales and with United Bank Limited 1,832 cotton bales. Stock pledged with Askari Bank Limited and Bank Al-falah Limited were not made available for physical verification. Value of stock physically verified have been disclosed above.</p>		
20 TRADE DEBTS		
considered good		
Export - secured	59,291,817	24,044,911
Local - unsecured	101,156,047	109,327,660
	<u>160,447,864</u>	<u>133,372,571</u>
21 LOANS AND ADVANCES		
Unsecured-considered good		
Advances		
To employees		
Staff	641,384	1,128,831
Workers	1,496,805	3,347,790
To suppliers	2,138,190	4,476,621
To contractors	63,443,312	46,692,109
Short term deposits	3,976,771	7,065,639
L/C payments	26,325,353	37,112,438
Advance Income tax	544,533	1,094,760
FED receivables	14,294,981	35,843,772
Freight subsidy receivable	-	3,705
	<u>5,656,659</u>	<u>5,656,659</u>
	<u>116,379,797</u>	<u>137,945,702</u>
22 OTHER RECEIVABLES		
Sales tax receivable	13,482,709	10,601,493
Central excise duty receivable from banks	261,487	261,487
Others	4,149,051	3,197,023
	<u>17,893,247</u>	<u>14,060,003</u>
23 CASH AND BANK BALANCES		
Cash in hand	1,202,134	2,042,054
Cash at bank in current accounts	975,117	578,704
	<u>2,177,251</u>	<u>2,620,758</u>
24 SALES		
Local		
Yarn	1,041,925,057	1,035,943,346
Raw cotton	3,441,042	215,151,204
Waste	63,113,941	114,083,619
	<u>1,108,480,040</u>	<u>1,365,178,169</u>
Export		
Yarn	1,275,989,804	1,407,838,568
	<u>1,275,989,804</u>	<u>1,407,838,568</u>
	<u>2,384,469,844</u>	<u>2,773,016,737</u>
Brokerage and commission	(31,482,793)	(30,538,765)
	<u>2,352,987,051</u>	<u>2,742,477,972</u>



Olympia Spinning & Weaving Mills Limited

	June 30, 2009 RUPEES	June 30, 2008 RUPEES
25 COST OF SALES		
Raw material consumed (Note:25.1)	1,978,835,848	2,046,480,275
Packing material consumed (Note:25.2)	45,687,158	47,306,935
Stores and spare parts consumed (Note:25.3)	32,036,052	27,067,113
Salaries, wages and benefits (Note: 25.4)	146,764,333	114,208,109
Power and fuel	155,916,753	189,940,841
Doubling Charges	237,600	-
Vehicle running and maintenance	1,079,538	793,018
Traveling and conveyance	83,158	73,186
Repairs and maintenance	4,229,050	4,236,537
Insurance	6,980,603	8,188,011
Miscellaneous overheads	788,008	587,513
Depreciation (Note:15.1)	68,381,457	59,318,771
	<u>2,441,019,558</u>	<u>2,498,200,309</u>
Work in process		
Opening	18,395,164	17,014,163
Closing	(14,723,369)	(18,395,164)
	<u>3,671,795</u>	<u>(1,381,001)</u>
Cost of goods manufactured	2,444,691,353	2,496,819,308
Cotton Yarn purchase	67,674,300	4,646,588
Finished goods and waste		
Opening	53,578,421	59,697,562
Closing	(28,278,833)	(53,578,421)
	<u>25,299,588</u>	<u>6,119,141</u>
Cost of sales	<u>2,537,665,241</u>	<u>2,507,585,037</u>
25.1 RAW MATERIAL CONSUMED		
Opening stock	336,839,091	408,020,530
Purchases	2,014,967,535	1,975,298,836
	<u>2,351,806,626</u>	<u>2,383,319,366</u>
Closing stock	(372,970,778)	(336,839,091)
	<u>1,978,835,848</u>	<u>2,046,480,275</u>
25.2 PACKING MATERIAL CONSUMED		
Opening stock	4,353,093	3,070,176
Purchases	45,015,629	48,589,852
	<u>49,368,722</u>	<u>51,660,028</u>
Closing stock	(3,681,564)	(4,353,093)
	<u>45,687,158</u>	<u>47,306,935</u>
25.3 STORES AND SPARES CONSUMED		
Opening stock	13,813,066	6,194,950
Purchases	28,377,376	31,675,228
	<u>42,190,442</u>	<u>40,870,178</u>
Closing stock	(10,154,389)	(13,803,066)
	<u>32,036,052</u>	<u>27,067,113</u>
25.4 It includes Rs. 1,080,441/- (June 2008: Rs. 2,033,800/-) in respect of staff retirement benefits.		
26 DISTRIBUTION COST		
Freight and cartage	48,258,653	42,656,963
Export Development Surcharge	3,063,258	3,491,599
	<u>51,321,911</u>	<u>46,148,562</u>
27 ADMINISTRATIVE AND SELLING EXPENSES		
Salaries and other benefits (Note:27.1)	20,361,983	18,306,262
Rent, rates and taxes	5,538,520	4,955,909
Electric gas and water	1,086,658	995,245
Postage, telephone and telex	1,289,166	1,437,601
Printing and stationery	563,840	552,746
Traveling and conveyance	1,222,022	1,144,953
Legal and professional	1,924,226	3,273,577
Newspapers and periodicals	10,838	9,479
Repairs and maintenance	748,816	771,835
Charity and donation (Note:27.2)	50,000	5,000
Advertisement and publicity	62,013	167,918
Motor vehicle expenses	1,078,364	937,426
Entertainment	1,313,257	1,160,995
Packing Charges	3,970	-
Auditor's remuneration:		
Audit fee	433,500	242,000
Half yearly review fee	75,000	75,000
	<u>508,500</u>	<u>317,000</u>
Miscellaneous	614,123	678,501
Insurance Expense	522,113	570,309
Depreciation	2,829,921	3,319,846
	<u>39,728,330</u>	<u>38,604,601</u>
27.1 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES		
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.		



Olympia Spinning & Weaving Mills Limited

	June 30, 2009 RUPEES	June 30, 2008 RUPEES
27.2 Directors and their spouse have no interest in the donees.		
28 OTHER OPERATING INCOME		
Gain on disposal of fixed assets	-	222,494
Scrap sales	3,062,500	3,372,668
Worker's Profit Participation Fund	(913,508)	(1,398,471)
Other receipts	1,133,989	-
	<u>3,282,981</u>	<u>2,196,691</u>
29 FINANCE COST		
Interest/mark-up on		
Long term loans	40,262,934	15,041,993
Bank running finance	89,985,587	75,451,106
Finance charges on lease	18,236,942	17,633,213
	148,485,462	138,126,312
Markup Others	18,302,464	-
Markup recovered from Subsidiary Company	-	(2,619,050)
Gain or loss on cross currency swap	-	(865,928)
I.C. discounting and Bank charges	13,624,973	12,450,849
	<u>180,412,899</u>	<u>147,092,183</u>
	June 30, 2009	June 30, 2008
	RUPEES	RUPEES
30 TAXATION		
Current	12,407,429	14,284,234
Prior	1,686,169	518,352
	<u>14,093,598</u>	<u>14,802,586</u>
30.1 Current		
The provision for taxation has been made in these financial statement on the basis of section 169 of the income tax ordinance,2001		
31 EARNINGS PER SHARE - BASIC & DILUTED		
There is no dilutive effect on the basic earnings per share of the company		
Loss for the year in rupees	(466,951,947)	(9,558,302)
Total number of ordinary shares	12,000,000	12,000,000
Earnings per share in rupees- Basic and diluted	<u>(38.91)</u>	<u>(0.79)</u>
32 CASH GENERATED FROM OPERATIONS		
Profit/(Loss) before taxation	(452,858,349)	5,244,282
Adjustment for non cash charges and other items		
Depreciation	71,211,378	62,632,490
Financial charges	180,412,899	147,092,183
(Gain)/Loss on disposal of fixed assets	-	(222,494)
Provision for gratuity	6,173,212	5,199,286
	<u>257,797,489</u>	<u>214,701,465</u>
Operating profit / (loss) before working capital changes	(195,060,860)	219,945,746
(Increase)/decrease in current assets		
Stock, Store & spare parts	(2,830,098)	66,350,441
Trade debts	(27,075,293)	(53,877,671)
Loans and advances	(9,888,734)	11,856,400
Other receivables	(3,833,244)	802,576
	<u>(43,627,369)</u>	<u>25,131,746</u>
Increase/(decrease) in current liabilities		
Trade and other payables	167,712,250	100,989,196
	<u>(70,975,979)</u>	<u>346,066,688</u>
33 TRANSACTION WITH SUBSIDIARY/ASSOCIATED UNDERTAKING		
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	197,506,166	198,392,080
33.1 This amount represents the purchase of electric power from Olympia Power Generation Private) Limited.		
33.2 Transactions with associated undertakings/subsidiary are carried out on mutually agreed terms.		
34 PLANT CAPACITY AND PRODUCTION:		
SPINNING		
Total number of spindles installed	44,484	44,484
Average No. of spindles worked	44,004	44,004
Number of shifts	3	3
Actual production of the period in kgs		
after conversion into 20/1 count	14,253,918	14,144,356
Installed capacity of the period in kgs		
after conversion into 20/1 count	15,104,644	15,104,644
It is difficult to describe precisely the production capacity in textile industry since it fluctuates widely depending on various factors. Such as count of yarn spun, spindle speed, twist per inch and raw material used etc. It would also vary according to the pattern of production adopted in a particular year.		
POWER		
Installed Capacity	7 MW	7MW



Olympia Spinning & Weaving Mills Limited

35 FINANCIAL INSTRUMENT RELATED DISCLOSURE

35.1 YIELD / MARK UP RATE RISK

Yield / mark up rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market yield / mark up rates. Sensitivity to yield / mark up rate risk arises from mismatches of financial assets and liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Company is exposed to yield / mark up rate risk in respect of the following:

	2009						TOTAL
	Interest/mark up bearing			non interest/mark up bearing			
	Within one year	More than one year	Sub total	Within one year	More than one year	Sub total	
	RUPEES						
FINANCIAL ASSETS							
Deposits	-	-	-	26,325,353	21,593,772	47,919,125	47,919,125
Trade debts	-	-	-	160,447,864	-	160,447,864	160,447,864
Other receivables	-	-	-	17,893,247	-	17,893,247	17,893,247
Cash and bank balances	-	-	-	2,177,251	-	2,177,251	2,177,251
				206,843,714	21,593,772	228,437,486	228,437,486
FINANCIAL LIABILITIES							
Loans	42,131,733	250,494,381	292,626,114	-	56,294,143	56,294,143	348,920,257
Liabilities against assets subject to finance lease	39,740,391	74,974,933	114,715,324	-	-	-	114,715,324
Short term finance	962,296,351	-	962,296,351	-	-	-	962,296,351
Trade and other payables	-	-	-	571,570,654	-	571,570,654	571,570,654
	1,044,168,475	325,469,314	1,369,637,789	571,570,654	56,294,143	627,864,797	1,997,502,586
Off balance sheet items:							
Bank Guarantees issued	-	-	-	-	-	-	-
Other commitments	-	-	-	-	-	-	45,196,239
Total							45,196,239
Total yield / mark up rate risk sensitivity gap	(1,044,168,475)	(325,469,314)	(1,369,637,789)	(364,726,939)	(34,700,371)	(399,427,310)	(1,769,065,100)
Off balance sheet gap							(45,196,239)

	2008						TOTAL
	Interest/mark up bearing			non interest/mark up bearing			
	Within one year	More than one year	Sub total	Within one year	More than one year	Sub total	
	RUPEES						
FINANCIAL ASSETS							
Deposits	-	-	-	37,112,438	21,495,772	58,608,210	58,608,210
Trade debts	-	-	-	133,372,571	-	133,372,571	133,372,571
Other receivables	-	-	-	14,060,003	-	14,060,003	14,060,003
Cash and bank balances	-	-	-	2,620,758	-	2,620,758	2,620,758
				187,165,770	21,495,772	208,661,542	208,661,542
FINANCIAL LIABILITIES							
Loans	79,193,595	308,725,025	387,918,620	-	53,416,050	53,416,050	441,334,670
Liabilities against assets subject to finance lease	23,309,136	128,946,783	152,255,919	-	-	-	152,255,919
Short term finance	526,965,655	-	526,965,655	-	-	-	526,965,655
Trade and other payables	-	-	-	403,858,404	-	403,858,404	403,858,404
	629,468,386	437,671,808	1,067,140,194	403,858,404	53,416,050	457,274,454	1,524,414,647
Off balance sheet items:							
Bank Guarantees issued	-	-	-	-	-	-	-
Other commitments	-	-	-	-	-	-	201,785,978
Total							201,785,978
Total yield / mark up rate risk sensitivity gap	(629,468,386)	(437,671,808)	(1,067,140,194)	(216,692,634)	(31,920,278)	(248,612,912)	(1,315,753,106)
Off balance sheet gap							(201,785,978)

Effective yield / mark up rate was mentioned in the relevant notes.

35.2 Concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and causes the other party to incur a financial loss. Concentration of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. The Company attempts to control credit risk by monitoring credit exposure, limiting transaction with specific counterparties and continually assessing the creditworthiness of counterparties.

35.3 Fair value of financial instruments

The carrying value of all the financial instruments reported in the financial statement approximate their fair value.

35.4 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The management manages the risk through efficient use of forward covers and believes that it is not exposed to significant exchange risk. As at year end no forward contracts have been taken up by the management due to strengthening of the local currency against foreign currencies.

35.5 Capital risk management

The objective of the company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefit for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

The company manages its capital structure by monitoring return on net assets and make adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue new shares.

36 GENERAL

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

37 DATE OF AUTHORISATION FOR ISSUE

The Board of directors of the company authorized these financial statements for issue on October 07, 2009

CHIEF EXECUTIVE

Karachi, October 07, 2009.

DIRECTOR



Olympia Spinning & Weaving Mills Limited

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 48th Annual General Meeting of the Company to be held on Thursday, 29th October, 2009 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 _____ 2009

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.

