CONTENTS

OLYMPIA SPINNING & WEAVING MILLS LIMITED
COMPANY INFORMATION

BOARD OF DIRECTORS		
CHAIRMAN AND CHIEF EXECUTIVE	**:**	**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)	**:**	M. WAQAR MONNOO
MEMBER (NON-EXECUTIVE)		MR IMRAN MONNOO
MEMBER (NON-EXECUTIVE)		MRS.GHAZALA WAQAR
CHIEF FINANCIAL OFFICER	**:**	MR. ASIM JAFFERY
COMPANY SECRETARY	**:**	MR. MUHAMMAD ANWAR SAIGAL
LEGAL ADVISOR	**:**	M/S. A.K. BROHI & CO. ADVOCATE
AUDITORS	**:**	MUSHTAQ & COMPANY CHARTERED ACCOUNTANTS 407-408, COMMERCE CENTRE, HASRAT MOHANI ROAD, KARACHI.
BANKERS	**:**	UNITED BANK LTD ASKARI BANK LTD SONERI BANK LTD HABIB BANK LTD ALLIED BANK OF PAKISTAN BANK AL-FALAH LTD.
PRINCIPAL/REGISTERED OFFICE	**:**	E/3, FARZANA BUILDING, 1ST FLOOR, BLOCK 7 & 8, K.C.H.S. UNION LTD., SHAHEED-E-MILLAT ROAD, KARACHI-75350
MILLS AT	**:**	PLOT NO. H/23/3, LANDHI INDUSTRIAL AREA, LANDHI, KARACHI.

VISION STATEMENT

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

MISSION STATEMENT

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

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

DIRECTORS REPORT

The Directors have pleasure in presenting their Annual Report along with audited accounts of the Company for year ended June 30, 2011 for your consideration and approval.

OPERATING REVIEW:

The operating results of the period under review has resulted in net profit before taxation of Rs.80,376,702/- with net sales of Rs.4,298,252,260/- as compared to the last year's sale of Rs.2,729,551,270/- which shows a increase of 57% over last year's sale.

	For Year ended June 30, 2011 Rupees	**For Year ended June 30, 2010 Rupees**
Appropriation of profit is as under:		
Net Profit/(loss) taxation	80,376,702	(126,384,933)
Taxation:	(37,350,115)	(27,192,159)
Net Profit/ (loss) for the year after taxation	43,026,587	(153,577,092)
Unappropriated (loss) brought forward	(801,719,502)	(653,110,945)
Actuarial Loss recognized outside income statement	(8,808,841)	(5,060,611)
Amount of incremental depreciation arising due to surplus on revaluation of fixed assets transferred to accumulated profit	9,569,453	10,029,147
Accumulated (loss) carried forward	(757,932,303)	(801,719,502)
EPS	3.59	(12.80)

FINANCIAL RESULTS:

The financial results for the year ended June 30, 2011 have shown signs of recovery and resulted in net profit after tax of Rs.43,026,587\=.The operating profit has been increased from Rs 62,468,848 to Rs 273,757,698 as compared to last year. Gross profit percentage has increased from 5.1% to 8.4% as compared with the previous corresponding period. The increase in sales is mainly due to extraordinary rise in raw cotton and yarn prices during the current year which off set each other. The current financial results would have in more profitability if the textile industry wouldn't have liquidity crunch, high markup and raw cotton cost since last three years.

In 2008 your company entered into Cross currency swaps contracts with a foreign bank but due to our dispute with the Bank over many vague and undisclosed terms and conditions as disclosed in note 13, we have obtained stay order from Sindh 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.

Bank Alfalah Ltd had filed separate suits in the high court of Sindh and in banking court for recovery of Rs.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.
The company also filed a counter recovery suit against Bank Alfalh and its muccadum for Rs 172.628 m. Currently the matter is under court and hopefully will be settled amicably.

The management started comprehensive exercise of review of some of its receivables and advances to identify any impairment. This process is cumbersome, involves detail scrutiny of old records and liaison with suppliers and customers to account for any reason of stagnant balances. Since this work involves lots of time, the management does not provide for any impairment until the correct reasons has been identified. On the basis of stagnant balances , the auditors gave remarks on their Audit report.

FUTURE PROSPECTS:

Pakistan's spinning sector is at a recovery point at the end of year 2009 but due to recent worst floods in Pakistan and extraordinary rising prices of cotton and yarn in International market, the growth of the sector depends on many variable factors.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 theses incidents and liquidity crunch due to expansion and continuous increase in the financial cost and input prices, the management has negotiating rescheduling of long term finances with all banks. The Company at present exporting approximately more than 80% of our total sale to Hong Kong, Korea, Bangladesh, Colombia and USA and hope to reach the level of more than 90% exports of our total sales. In past 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 Exchange in the country under instructions from Security & Exchange Commission of Pakistan. We are taking all the necessary steps to ensure Good Corporate Governance in the Company as required by the Code.

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

1- The enclosed financial statements, prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

2- Proper books of account have been maintained by the Company as required by the Companies Ordinance, 1984.

3- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting statements are based on reasonable and prudent judgment.

4- 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:

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

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

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

AUDITORS:

You are requested to appoint auditors for the year 2011-2012 and fix their remuneration. The present auditors M/s. Mushtaq & Co., Charted 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, 2011

M .WAQAR MONNOO
(Chief Executive/Director)

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

(Rupees in Million)

YEAR ENDED JUNE 30,	2011	2010	2009	2008	2007	2006
OPERATING RESULTS						
Sales net	4,298.25	2,729.55	2,352.99	4,742.48	2,231.54	1,882.93
Gross profit.	365.08	139.28	(216.54)	220.34	214.83	205.94
Operating expenses	96.50	80.77	84.94	82.59	79.91	64.70
Operating profit	273.76	62.47	(297.28)	141.35	139.33	142.60
Finance cost	(193.38)	188.85	172.93	141.57	159.04	122.91
Others expenses - net (W.P.P.F)		-	-	-	-	1.04
Profit/(Loss) before tax	80.38	(126.38)	(470.22)	(0.23)	(19.71)	19.70
Taxation	(37.35)	27.19	14.09	14.80	14.30	18.04
Profit /(Loss) after tax	43.03	(153.58)	(484.31)	(15.03)	(34.01)	1.66
FINANCIAL POSITION						
Paid-up Capital	120.00	120.00	120.00	120.00	120.00	24.00
Retained earnings/(loss)	(709.69)	(637.89)	(499.34)	(49.04)	(32.35)	20.07
Total equity	(589.69)	(633.47)	(484.87)	133.85	99.63	32.39
Long term finances	1,123.74	564.54	265.63	306.42	370.08	435.68
Deferred liability	4.54	3.53	2.93	4.22	3.52	12.96
Current liabilities	1,057.60	1,558.99	1,802.08	1,079.33	1,076.00	994.03
Total assets	2,693.42	2,616.73	2,777.58	2,451.69	2,256.31	2,220.64
Fixed assets (Gross)	2,138.60	2,112.19	2,105.88	2,218.75	1,959.64	1,869.25
Accumulated depreciation	193.96	160.44	105.88	544.40	485.82	427.99
Fixed assets (Net)	1,944.63	1,951.76	1,999.99	1,674.35	1,473.82	1,441.27
Long term deposits	6.37	8.61	21.59	21.50	22.74	21.28
Long Term Investment	44.67	44.67	44.67	44.67		
Current assets	697.75	611.70	711.33	705.21	756.45	745.90
RATIOS						
Gross pofit to sales % (Excluding Depreciation)	9.76	7.26	(6.62)	10.10	12.23	14.23
Gross pofit to sales % (Including Depreciation)	8.49	5.10	(9.20)	8.03	9.63	10.94
Cost of sales to sales %	(91.51)	(94.90)	(109.20)	(91.97)	90.37	89.06
Net profit to sales %	1.87	(4.63)	(19.98)	(0.01)	(0.88)	1.05
Earning/(loss) per shares in Rs.	3.59	(12.80)	(40.36)	(1.25)	(2.83)	0.14
Earning/(loss) to equity %	(13.63)	19.95	96.98	(0.17)	(19.78)	60.82
Adamin expenses to net sales %	(1.13)	1.49	1.43	1.33	1.42	1.63
Return on fixed assets before tax %	4.13	(6.48)	(23.51)	(0.01)	(1.34)	1.37
Return on total assets before tax %	2.98	(4.83)	(16.93)	(0.01)	(0.87)	0.89
Debt equity ratio %	74.15	65.36	60.66	44.87	57.01	59.00
Current ratio	0.66	0.39	0.39	0.65	0.70	0.75
Quick ratio	0.44	0.25	0.16	0.26	0.24	0.28
Turn over to fixed assets times	2.21	1.36	1.18	1.64	1.51	1.31
Turn over to total assets times	1.60	1.04	0.85	1.12	0.99	0.85

FORM - A

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS AS AT JUNE 30, 2011

No. of Share Holders		Shareholding				Total Shares Held
137	Holding	from	001	to	100	8,369
109	---do---		101	to	500	26,490
18	---do---		501	to	1,000	17,391
37	---do---		1,001	to	5,000	99,713
8	---do---		5,001	to	10,000	56,716
3	---do---		10,001	to	15,000	37,601
1	---do---		15,001	to	20,000	16,000
4	---do---		20,001	to	25,000	89,931
2	---do---		25,001	to	30,000	54,500
1	---do---		30,001	to	35,000	33,500
2	---do---		35,001	to	40,000	73,500
1	---do---		40,001	to	45,000	44,000
2	---do---		45,001	to	50,000	100,000
1	---do---		60,001	to	65,000	61,000
1	---do---		85,001	to	90,000	85,244
1	---do---		95,001	to	100,000	97,500
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
1	---do---		325,001	to	330,000	330,000
1	---do---		425,001	to	430,000	425,866
1	---do---		1,180,001	to	1,185,000	1,181,655
1	---do---		1,370,001	to	1,375,000	1,374,570
1	---do---		1,550,001	to	1,555,000	1,550,025
1	---do---		5,060,001	to	5,065,000	5,061,750
339						**12,000,000**

Categories Shareholders	No. of Shareholders	Shares Held	Percentage
Individuals	329	11,907,604	99.23%
Financial Institutions	4	36,191	0.30%
Other Companies	6	56,205	0.47%
	339	**12,000,000**	**100%**

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS AS AT JUNE 30, 2011

ADDITIONAL INFORMATION

SHAREHOLDER'S CATEGORY		Total Shares	Percentage
Associated Companies, Undertakings and related parties (Name-wise).		None	None
N.I.T. and I.C.P			
(1) National Investment Trust Limited		1,103	0.01
(2) Investment Corporation of Pakistan		450	0.0038
Directors, CEO and their Spouse and Minor Childern (Name-wise)			
(1) Muhammad Waqar Monnoo	Chairman / Director	1,374,570	11.45
(2) Mrs. Ghazala Waqar	Director	1,181,660	9.85
(3) Mr. Siraj Sadiq Monnoo	Director	1,550,025	12.92
(4) Mrs. Hina Siraj Sadiq	Director's Spouse	5,061,750	42.18
(5) Mr. Syed Ayazuddin	Director	330,000	2.75
(6) Mr. Muhammad Anwar Saigal	Director	300,000	2.50
(7) Mr. Syed Ejazuddin	Director	50,000	0.42
(8) Mr. Imran Monnoo	Director	500	0.0042
Executives		None	None
Public Sector, Joint Stock Companies and Corporations			
(1) National Bank Of Pakistan		25,918	0.22
(2) The Bank Of Punjab		9,170	0.08
(3) Fateh Textile Mills Ltd.		50	0.0004
(5) ZHV Securities (Pvt) Ltd		21,005	0.18
(6) SNM Securities (Pvt) Ltd		33,500	0.28
(7) ACE Securities (Pvt) Ltd		1,000	0.01
Abandoned properties & Other Companies.			
(1) Abandoned Properties Organisation.		200	0.0017
Shareholders holding 10% or more voting interest in the Listed Companies			
(1) Muhammad Waqar Monnoo.		1,374,570	11.45
(2) Mr. Siraj Sadiq Monnoo.		1,550,025	12.92
(3) Mrs. Hina Siraj Sadiq		5,061,750	42.18

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE PERIOD ENDED 30TH JUNE, 2011

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

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

1. The Board comprises seven directors including CEO. The Company encourages representation of independent non-executive directors on its Board. At present the board includes 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. 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 NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancies occurred on the Board during the year ended June 30, 2011.

5. The Company has prepared a ‘Statement of Ethics and Business Practices’, which has been signed by all the directors and employees of the Company.

6. The Management has developed a vision, mission statement 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. The corporate strategy of the Company is reviewed and approved by the Board along with the annual plan.

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. All he meetings of the Board were presided over by the Chairman and, in the absence, by the director elected by the Board for this Purpose. The Board met Six times during the year ended June 30, 2011 including once in every quarter to approve the financial statements of the Company. Written notices of the Board meetings along with the agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranged in house orientation courses for its directors during the year to apprise them of their duties and responsibilities and to brief them regarding amendments in the Companies Ordinance / Corporate Laws.

10. 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 recommended by the Chief Executive Officer.

11. The directors' report for this year ended June 30, 2011 has been prepared in compliance with the requirements of the Code and it fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and 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 related party transactions have been placed before the audit committee and approved by the board of directors with necessary justifications for non arm's length transactions only if such terms can be substantiated.

16. The Board has formed an audit committee. It comprises three members, of whom two are non-executive directors. It requires that at least two members of the Audit Committee must be financially literate.

17. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been framed and advised to the committee for compliance.

18. The Board has set-up an effective internal audit function.

19. 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.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The Management of the Company is committed to good corporate governance, and appropriate steps are taken to comply with the best practices.

22. 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

Member of

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

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

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

Email Address: mushtaq_vohra@hotmail.com

Illinois, USA

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. 35 (previously 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, 2011.

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Shahabuddin A. Siddiqui
F.C.A

KARACHI:
Date: ____________

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 50th 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 Monday, October 31th 2011 at 8:00 a.m. to transact the following business:

Ordinary Business

1. To Confirm the minutes of last Extraordinary General Meeting of the company held on February 26, 2011.
2. To receive, consider and adopt Audited Accounts for the year ended 30th June, 2011 together with Auditor's and Director's Report thereon.
3. To appoint Auditors for the year ending 30th June, 2012 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: 07th October, 2011

Note

a. The Register of Members of the Company will remain closed from 23rd October 2011 to 31th October 2011 (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.

Member of

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

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

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

Email Address: mushtaq_vohra@hotmail.com

THE Leading Edge ALLIANCE

Illinois, USA

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **Olympia Spinning & Weaving Mills Limited** as at June 30, 2011 and the related profit and loss account, statement of comprehensive income, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

(a) The company has filed a suit in High Court of Sindh and obtained Stay Order against settlement of cross currency swap contracts of Rs. 830.5(M) entered into by the company with Standard Chartered bank. The company mainly contests on provision of unwinding cost calculation, mismatched dates of settlement with its long term loans repayments and other procedural non compliance of foreign bank. No provision of unwinding cost of cross currency swap contract of Rs 293.35 (M) has been made in the financial statements. No confirmation was received from bank. Confirmation was sent. Had the company accounted for currency SWAP losses, the profit of the company would have decreased by Rs. 293.35 million.

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

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

(d) The company has reached a settlement agreement with United Bank Ltd on 29-12-2010 recognizing the total liabilities of Rs. 698.22 million against various banking facilities including markup. The markup, Exchange loss on forward contracts and cross currency contracts unwinding cost amounting to Rs. 100.218 million, Rs. 34.545 million and Rs. 53.320 million respectively upto 30-06-2010 has been charged to equity instead of

Member of

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

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

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

Email Address: mushtaq_vohra@hotmail.com

Illinois, USA

charging to Profit and Loss Account of the current period. Had this been charged to Profit and Loss Account, the profit for the year would have decreased by Rs. 188.083 million.

(e) No provision for doubtful debts amounting to Rs. 15,387,713 and advances to suppliers and contractors amounting to Rs. 43,244,343 outstanding more than 3 years has been made.

(f) 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.

(g) 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 accounts and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of the company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(h) in our opinion and to the best of our information and according to the explanations given to us, except as mentioned in note (a), (b), (c), (d) and (e) above and its effects on the financial statements, the Balance Sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof 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, 2011 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and

(i) 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. 757.932 million. The current liabilities exceed current assets by Rs. 359.843 million. The going concern assumption is based on the financial support/commitment by the sponsors/directors as mentioned in note 1.6.

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Shahabuddin A. Siddiqui
F.C.A

KARACHI:
Date: ____________

OLYMPIA SPINNING & WEAVING MILLS LIMITED
BALANCE SHEET
AS AT JUNE 30, 2011

	NOTE	JUNE 30, 2011 RUPEES	JUNE 30, 2010 RUPEES (Restated)	JUNE 30, 2009 RUPEES (Restated)
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized capital 13,000,000 (2010: 13,000,000) Ordinary shares of Rs.10 each		130,000,000	130,000,000	130,000,000
Issued, subscribed and paid up capital	4	120,000,000	120,000,000	120,000,000
Reserves	5	(709,686,428)	(753,473,627)	(604,865,070)
		(589,686,428)	(633,473,627)	(484,865,070)
Surplus on revaluation of property, plant and equipment	6	1,097,233,425	1,106,802,878	1,116,832,025
NON CURRENT LIABILITIES				
Long term financing	7	1,114,867,088	564,544,972	265,626,241
Liability against assets subject to finance lease	8	8,877,566	16,330,212	74,974,933
Deferred liabilities	9	4,535,754	3,534,537	2,931,817
CURRENT LIABILITIES				
Trade and other payables	10	691,596,675	553,170,353	575,627,570
Accrued Markup	11	34,083,541	242,726,022	195,445,950
Short-term borrowings	12	254,216,981	669,752,731	961,586,030
Current portion of				
- long term financing		46,429,452	26,925,275	30,687,481
- liabilities against asset subject to finance lease		31,269,824	66,418,245	38,734,089
		1,057,596,474	1,558,992,626	1,802,081,120
CONTINGENCIES AND COMMITMENTS	13			
		2,693,423,879	2,616,731,598	2,777,581,066
ASSETS				
NON CURRENT ASSETS				
Property, plant and equipment	14	1,944,631,853	1,951,755,104	1,999,994,834
Long term deposits	15	6,373,372	8,613,372	21,593,772
Long term investment in subsidiary	16	44,665,822	44,665,822	44,665,822
CURRENT ASSETS				
Stores, spare parts and loose tools	17	21,365,279	14,513,066	13,491,550
Stock in trade	18	208,092,957	203,057,017	415,972,980
Trade debts	19	305,588,578	110,579,134	160,447,864
Other financial assets	20	8,300,000	74,000,000	8,300,000
Loans and advances	21	113,926,933	169,082,742	92,622,128
Income tax and Sales tax	22	30,334,965	31,617,870	14,383,869
Other receivables	23	2,087,120	5,090,470	4,401,906
Cash and bank balances	24	8,057,000	3,757,001	1,706,341
		697,752,832	611,697,300	711,326,638
		2,693,423,879	2,616,731,598	2,777,581,066

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE **DIRECTOR**

Karachi:
Dated: 07 October, 2011

OLYMPIA SPINNING & WEAVING MILLS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2011

	NOTE	For the year ended June 30, 2011 RUPEES	For the year ended June 30, 2010 RUPEES (Restated)
Sales (net)	25	4,298,252,260	2,729,551,270
Cost of sales	26	(3,933,167,405)	(2,590,266,903)
Gross Profit		365,084,855	139,284,367
Distribution cost	27	(48,443,089)	(40,123,079)
Administrative expenses	28	(48,055,229)	(40,642,366)
Other operating income/Charges	29	5,171,162	3,949,927
		(91,327,157)	(76,815,518)
Operating Profit		273,757,698	62,468,848
Finance cost	30	(193,380,996)	(188,853,782)
Net Profit / (Loss) before taxation		80,376,702	(126,384,933)
Taxation	31	(37,350,115)	(27,192,159)
Net Profit /(Loss)for the year after taxation		43,026,587	(153,577,092)
Earning per share - Basic and diluted	32	3.59	(12.80)

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE **DIRECTOR**

Karachi:
Dated: 07 October,2011

OLYMPIA SPINNING & WEAVING MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2011

	June-2011 RUPEES	June-2010 RUPEES (Restated)
Profit/(Loss) for the year after taxation	43,026,587	(153,577,092)
Other Comprehensive Income:		
Actuarial (Loss) recognized	(8,808,841)	(5,060,611)
Total comprehensive Income/ (Loss) for the year	**34,217,746**	**(158,637,703)**

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

CHIEF EXECUTIVE **DIRECTOR**

Karachi:
Dated: 07 October 2011

OLYMPIA SPINNING & WEAVING MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2011

	PAID UP CAPITAL	REVENUE RESERVE	CAPITAL RESERVE	UN-APPROPRIATED LOSS	TOTAL
	←		RUPEES		→
Balance as at 01-07-2009 as previously Reported	120,000,000	3,580,053	44,665,822	(517,189,343)	(348,943,468)
Markup charged by UBL on Banking facilities upto 30-06-2009 taken to equity-Restated	-	-	-	(135,921,602)	(135,921,602)
Balance as at 30-06-2009 **(Restated)**	120,000,000	3,580,053	44,665,822	(653,110,945)	(484,865,070)
Total comprehensive income for the Year ended June 30, 2010	-	-	-	(158,637,703)	(158,637,703)
Transfer from surplus on revaluation of property, plant & equipment on account of incremental depreciation	-	-	-	10,029,147	10,029,147
Balance as at 30-06-2010 **(Restated)**	120,000,000	3,580,053	44,665,822	(801,719,502)	(633,473,627)
Total comprehensive income for the Year ended June 30, 2011	-	-	-	34,217,746	34,217,746
Transfer from surplus on revaluation of property, plant & equipment on account of incremental depreciation	-	-	-	9,569,453	9,569,453
Balance as at 30-06-2011	120,000,000	3,580,053	44,665,822	(757,932,303)	(589,686,428)

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

CHIEF EXECUTIVE **DIRECTOR**

Karachi:

Dated: 07 October, 2011

OLYMPIA SPINNING & WEAVING MILLS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2011

	Note	For year ended June30, 2011 RUPEES	For year ended June30, 2010 RUPEES (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	33	398,073,075	210,010,277
Taxes paid		(46,944,261)	(34,038,303)
Finance cost paid		(402,023,477)	(141,573,711)
Gratuity paid		(9,304,600)	(5,782,298)
Long term deposits		2,240,000	12,980,400
Net cash from operating activities		(57,959,263)	41,596,364
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		2,990,000	2,806,308
Fixed capital expenditure		(52,420,216)	(14,714,674)
Net cash used in investing activities		(49,430,215)	(11,908,366)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term finance		569,826,293	295,156,525
Short term borrowings		(415,535,750)	(291,833,299)
Repayment of lease liabilities		(42,601,065)	(30,960,564)
Net cash used in financing activities		111,689,477	(27,637,338)
Net increase in cash and cash equivalents		4,299,999	2,050,660
Cash and cash equivalents at the beginning of the year		3,757,001	1,706,341
Cash and cash equivalents at the end of the year.		8,057,000	3,757,001

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE **DIRECTOR**

Karachi:
Dated: 07 October,2011

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, 1^{st} floor, Block 7 & 8, Shaheed-e-Millat Road Karachi.

1.2 Bank Alfalah Ltd has filed suit in the high court of Sindh and in banking court for recovery of Rs. 197,675,768 for the loan balances against the banking facilities provided by them due to non payment and unauthorized utilization / lifting of pledged stock by the company . The company is defending the case in the high court and banking court.

1.3 The company has filed a suit in High Court of Sindh and obtained Stay Order against settlement of cross currency swap contracts of Rs. 830.5(M) entered into by the company with Standard Chartered bank. The company mainly contests on provision of unwinding cost calculation, mismatched dates of settlement with its long term loans repayments and other procedural non compliance of foreign bank. No provision of unwinding cost of cross currency swap contract of Rs 293.35 (M) has been made in the financial statements. No confirmation was received from bank. Confirmation was sent. Had the company accounted for currency SWAP losses, the profit of the company would have decreased by Rs. 293.35 million.

1.4 The company had filed a counter recovery suits against Bank Alflah Limited and its muqaddam Asif Associates (Pvt) Ltd in the high court of Sindh for Rs. 172,628,533/- plus interest for recovery of pledged cotton which were in possession and control of defendents.Till the finalization of accounts, no significant development has taken place.

1.5 In the month of June 2011, the company started comprehensive review of its receivables and advances for any impairment to identify parties from which recoveries have to be made and to identify probable doubtful debts. Since the process is combersome and required detail scutiny of old records the company had not provided any provision against stagnant balances in current year.

1.6 The cumulative loss of the company stands at Rs. 757.932 million. The current liabilities exceed current assets by Rs. 359.843 million .The directors have given their commitment that in case the decision of the high court and banking court is against the company , they will meet the obligation by their own resources. The going concern assumption is based on the financial support/commitment by the sponsors/directors.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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 requirements 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 basis except for derivative financial instruments that are stated at fair value.

2.3 Functional and presentation currency

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

2.4 Use Of Estimates And Judgments

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

2.5 Standards, interpretations and amendments to published approved accounting standards

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

The following are new and revised approved accounting standards, interpretations and amendments thereto that are effective in the current year. However, these do not effect financial statements of the Company for the current year.

Standards, interpretations and amendments	Description
IFRS 1 - First-time Adoption of International Financial Reporting Standards *(Amendments)*	The amendments provide certain exemptions to first-time adoptors of International Financial Reporting Standards.
IFRS 2 - Share-based Payments *(Amendments)*	The standard was amended to provide additional guidance on the accounting for share-based payment transactions among group entities.
IFRS 3 - Business Combinations *(Amendments)*	The amendments provide guidance on measurement of non-controlling interests and on measurement of un-replaced and voluntary replaced share-based payment awards and transitional requirements for contingent consideration from a business combination.
IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations *(Amendments)*	The amendments provide clarification regarding scope of the standard.
IFRS 8 - Operating Segments *(Amendments)*	The amendments clarify requirements regarding disclosure of segment assets.
IAS 1 - Presentation of Financial Statements *(Amendments)*	The amendments provide guidance on current/non-current classification of convertible instruments.
IAS 7 - Statement of Cash Flows	The standard was amended to provide guidance on
IAS 17 - Leases *(Amendments)*	The amendments have removed guidance regarding classification of leases of land so as to eliminate inconsistency with the general guidance on lease
IAS 32 - Financial Instruments: *Presentation*	The amendments provide guidance on classification of right issues.
IAS 36 - Impairment of Assets *(Amendments)*	The amendments provide guidance on identification of unit of accounting for goodwill impairment test.
IAS 38 - Intangible Assets *(Amendments)*	The amendments clarify requirements regarding accounting for intangible assets acquired in a business
IAS 39 - Financial Instruments: *Recognition and Measurement (Amendments)*	The amendments provide clarification regarding treatment of loan prepayment penalties and recognition of gains or losses on certain hedging instruments .
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments	The interpretation provides guidance on accounting for debt for equity swaps.

2.5.2 Approved accounting standards, interpretations and amendments thereto issued but not effective as at the reporting date

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date.

Standards, interpretations and amendments	Description
IFRS 7 - Financial Instruments: Disclosures *(Amendments)*	The amendments emphasize the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The amendment is effective for annual periods beginning on or after January 01, 2011.
IFRS 7 - Financial Instruments: Disclosures *(Amendments)*	The amendments provide enhanced disclosure requirements pertaining to derecognition of financial assets The amendment is effective for annual periods beginning on or after July 01, 2011.

Standards, interpretations and amendments	Description
IFRS 9 - Financial Instruments: *Classification and Measurement*	The standard introduces new requirements for the classification and measurement of financial instruments and replaces relevant requirements in IAS 39 - Financial Instruments: *Recognition and Measurement* . The standard is effective for annual periods beginning on or after January 01, 2013.
IFRS 10 - Consolidated Financial Statements	The standard replaces those parts of IAS 27 - Consolidated and Separate Financial Statements, that address when and how an investor should prepare consolidated financial statements and supersedes SIC 12 - Consolidation: Special Purpose Entities. The standard is effective for annual periods beginning on or after January 01, 2013.
IFRS 11 - Joint Arrangements	The standard supersedes IAS 31 - Interest in Joint Ventures and SIC 13 - Jointly Controlled Entities: Non-monetary Contributions by Venturers. The standard is effective for annual periods beginning on or after January 01, 2013.
IFRS 12 - Disclosure of Interests in Other Entities	The standard introduces disclosure requirements relating to interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard is effective for annual periods beginning on or after January 01, 2013.
IFRS 13 - Fair Value Measurement	The standard establishes a single framework for measuring fair value where that is required by other standards. The standard is effective for annual periods beginning on or after January 01, 2013.

IAS 1 - Presentation of Financial Statements *(Amendments)*	The amendments clarify that an entity may present the analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The amendment is effective for annual periods beginning on or after January 01, 2011.
IAS 12 - Income Taxes	The amendments provide exception to the general principal of IAS 12 for investment property measured using the fair value model and introduces a rebuttable presumption that the carrying amount of such an asset will recovered entirely through sale. The amendment is effective for annual periods beginning on or after January 01, 2012.
IAS 24 - Related Party Disclosures *(Revised 2009)*	The revised standard amends the definition of related party and modifies certain related party disclosure requirements for government-related entities. The standard is effective for annual periods beginning on or after January 01, 2011.
IAS 34 - Interim Financial Reporting *(Amendments)*	The amendments provide clarification about significant events and transactions to be disclosed in interim financial reports. The amendment is effective for annual periods beginning on or after January 01, 2011.
IFRIC 13 - Customer Loyalty Programmes *(Amendments)*	The amendments clarify the meaning of 'fair value' in the context of measuring award credits under customer loyalty programmes. The amendment is effective for annual periods beginning on or after January 01, 2011.
IFRIC 14 - IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	The amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement and result in prepayments of contributions being recognized as an asset rather than an expense. The amendment is effective for annual periods beginning on or after January 01, 2011.

2.5.3 Changes as per IAS 8-Accounting Policies, changes in Accounting Estimates and Errors-

¤ Retrospective restatement of errors:
Due to the Loan Settlement Agreement dated 29-12-2010 with United Bank Ltd, the company recognized the disputed Banking facility liabilities. This resulted in recognition of markup, forward contract exchange differences and cross currency swap winding up cost resulting a total liability of Rs. 188,083,290 for prior periods. This has been charged to equity as per IAS 8 changes in Accounting Policies, changes in Accounting Estimates and Errors.

3 Summary of Significant Accounting Policies

3.1 Defined benefit plan

The company operates an unfunded gratuity plan for all of its permanent employees, who attain the minimum qualification period for entitlement to gratuity. Provision is made on the basis of actuarial valuation. The most recent actuarial valuation was carried out effective from June 30, 2010 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 Comprehensive Income “.

3.2 Taxation

Current

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

Deferred

Deferred tax is provided in full using the balance sheet liability method, on temporary differences arising between The carrying amount of all deferred tax assets are reviewed at each balance sheet date and reduced to the extent, if it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

3.3 Trade and other payables

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

3.4 Provisions

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

3.5 Property, plant and equipment

a) Owned

Property plant and equipment except land 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 asset is acquired or capitalized. Similarly the depreciation on deletion is charged on pro-rata basis up to the period when the assets is derecognized. The company reviews the rate of depreciation, useful life, residual value of assets for possible impairment on annual basis. Useful lives are determined by the management based on expected usage of assets, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charges and impairment.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

b) Leased Assets subject to finance lease

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

c) Capital work in progress

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

d) Impairment of fixed assets

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

3.6 Stores, spares and loose tools

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

3.7 Stock in trade

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

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

Whereas the valuation of raw material, work in process and finished goods as on 30th June 2011 has been valued on the basis of net realizable value as disclosed in note 38 of the financial statements.

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

3.8 Trade debts

Trade debts originated by the Company are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimated provision for doubtful debt is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

3.9 Cash and cash equivalent

Cash in hand, cash at bank and short-term deposits, which are held to maturity, are carried at cost. For the purpose of cash flow statements, cash equivalent are short-term highly liquid instrument that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in values.

3.10 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Any gain or losses on derecognition of the financial assets and financial liabilities are taken to profit and loss account currently. Financial assets are stated at their nominal value as reduced by the appropriate allowances for estimating irrecoverable amount. Mark up bearing financial liabilities are recorded at the gross proceeds received. Other financial liabilities are stated at their nominal value.

3.11 Offsetting of financial assets and liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the company has a legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

3.12 Revenue recognition

Sales are recognized on dispatch of goods to the customers. Dividend income is recognized when right to receive dividend is established. Interest income is recognized on accrual basis.

3.13 Derivative Financial Instruments

These are initially recognized at cost and are subsequently remeasured at their fair value. The method of recognizing gain or loss depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged. Derivatives (Other than designated as hedging instrument) with positive market values (unrealized gains) are included in other assets and derivates with negative market values (unrealized)

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

3.14 Borrowing cost

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

3.15 Dividend and appropriation to reserves

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

	Note	June 30, 2011 RUPEES	June 30, 2010 RUPEES
4 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
2,200,000 (2010: 2,200,000) Ordinary shares of Rs.10 each allotted for consideration paid in cash		22,000,000	22,000,000
200,000 (2010: 200,000) Ordinary shares of Rs.10 each allotted as bonus shares		2,000,000	2,000,000
9,600,000 (2010: 9,600,000) Ordinary shares of Rs. 10 each issued as right shares		96,000,000	96,000,000
		120,000,000	120,000,000
5 RESERVES			
Revenue reserve		3,580,053	3,580,053
Capital Reserve		44,665,822	44,665,822
Accumulated loss		(757,932,303)	(801,719,502)
		(709,686,428)	(753,473,627)
6 SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT			
Balance as at June 30, 2010		1,106,802,878	1,116,832,025
		1,106,802,878	1,116,832,025
Less:			
Transfer to equity on account of incremental depreciation for the year.		9,569,453	10,029,146.83
		9,569,453	10,029,147
Balance as at June 30, 2011		1,097,233,425	1,106,802,878

6.1 The company revalued its Land, Factory building & plant & machinery in 2009 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 value Messer Consultancy Support & Service Management Consultants . The company revalued its leasehold land in 2008 & in 2005 by Messer Imran Associate & Messer Consultancy Support & Service Management Consultants respectively which resulted in net surplus of 252.122(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).

	Note	June 30, 2011 RUPEES	June 30, 2010 RUPEES
7 LONG TERM FINANCING			
From banking companies - secured			
Loan 1. UBL	7.1	667,220,983	63,000,000
Loan 2 . Askari Bank Ltd.	7.2	355,170,305	370,566,839
Loan 3 . Askari Bank Ltd. Swapped TF	7.2(a)	2,499,999	4,166,665
Loan 4 . Askari Bank Ltd. (Frozen Markup)	7.2(b)	51,204,240	55,471,260
Loan 5. My Bank Ltd.	7.3	35,000,000	45,000,000
		1,111,095,527	538,204,764
From related party - unsecured			
Directors loan- Sub-ordinated	7.4	50,201,013	53,265,483
		50,201,013	53,265,483
Current maturity of long term financing		(46,429,452)	(26,925,275)
		1,114,867,088	564,544,972

7.1 During the year the company successfully negotiated a Settlement Agreement with United Bank Limited on 29 December,2010 by converting all the outstanding finances into seven new long term loans with extended repayment periods. The following restructured loans are secured by memorandum of deposit of title deeds of land, hypothecation of Plant & Machinery and floating charge on all present and future current assets of the company.

7.1.1

	LOAN	Amount	Description	Markup Rate	Repayment
(a)	NIDF Term Finance	63,000,000	The existing long term loan is now repayable in 44 quarterly installments commencing from January 31,2011 and ending on December 31,2020.	3 months KIBOR+1% with floor of 11% and cap at 13%	10 years
(b)	NIDF-I Letter of Credit	263,324,590	This loan is created by converting outstanding L/C liabilities into a long term loan repayable in 44 quarterly installments commencing from January 31,2011 and ending on December 31,2020.The down payment of Rs 10m is to be paid at the time of execution of this agreement	3 months KIBOR+1% with floor of 11% and cap at 13%	10 years
(c)	NIDF-II NICF-HYPO	59,000,000	The existing hypo facility is converted into long term loan repayable in 44 quarterly installments commencing from January 31,2011 and ending on December 31,2020.	3 months KIBOR+1% with floor of 11% and cap at 13%	10 years
(d)	NIDF-III FATR	36,358,893	The existing FATR facility is converted into long term loan repayable in 44 quarterly installments commencing from January 31,2011 and ending on December 31,2020.	3 months KIBOR+1% with floor of 11% and cap at 13%	10 years
(e)	NIDF-IV Liability against Forward contracts	34,545,500	The outstanding liability of forward contract is converted into long term loan repayable in 44 quarterly installments commencing from January 31,2011 and ending on December 31,2020.	3 months KIBOR+1% with floor of 11% and cap at 13%	10 years
(f)	NIDF-V Liability against Cross current Swap	53,320,000	The outstanding liability of cross currency contract is converted into long term loan repayable in 41 quarterly installments commencing from December 31,2012 and ending on December 31,2022.	None	10 years
(g)	NIDF-VI Recoverable Markup	157,672,000	The outstanding liability of markup is converted into long term loan repayable in 8 quarterly installments commencing from March 31,2021 and ending on December 31,2022.	None	2 years
		667,220,983			

7.2 of Rs 5 m and frozen markup of Rs 61.893 m into a new term loan payable in 40 quarterly installments commencing from 31 March 2010 through a consent court decree. The bank will claim SBP plus 3% markup rate subsidy of Rs 1,807,000/- on behalf of company which will be adjusted against this loan. The loan is secured by first pari passu charge by way of mortgage of Rs 150m over company land and building, specific charge of Rs. 200 million by way of hypothecation over the machinery imported and purchased locally, first pari passu by way of hypothrcation charge of Rs. 310 million over plant and machinery, ranking charge of Rs 40 m over receviables and personal guarantee of three directors. Mark-up is chargeable @ 3 months Kibor + 1% bps payable quarterly.

7.2 (a) This restructured LTF-EOP loan with Askari Bank Limited for Rs. 5 million is for three years and secured by same securities as disclosed in Note 7.2. Repayments are in 10 equal quarterly installments of Rs.0.416 million ending in December 2012. Mark up is SBP refinance rate plus 2% payable quarterly.

7.2 (b) This loan is part of Askari Bank Limited restructured package by transferring all the outstanding markup of Rs 61.893m into a new loan payable in 40 equal quarterly installments without any further markup charge. The loan is secured by same securities as disclosed in note 7.2

7.3 This demand finance has been rescheduled with My Bank Ltd. having two years grace period and repayable in 9 half yearly installments commencing from January 2011 and ending in January, 2015 and carries mark-up at the rate of 6 months kibor plus 4% payable quarterly. Total facility amount is Rs.45.00(M). Mortgage charge over fixed assets and hypothecation charge over current assets of the company is Rs. 67(M).

7.4 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

	Note	June 30, 2011 RUPEES	June 30, 2010 RUPEES
Minimum lease payments			
Up to one year		34,025,648	72,213,003
More than one year but less than five years		9,316,565	18,485,103
		43,342,213	90,698,106
Less: Finance cost			
Up to one year		2,755,824	5,794,758
More than one year but less than five years		438,999	2,154,891
		3,194,822	7,949,649
Present value of minimum lease payments			
Up to one year		31,269,824	66,418,245
More than one year but less than five years		8,877,566	16,330,212
		40,147,391	82,748,457

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 15.75 % to 17.71 % (June 2010 15.2 % to 19.2 %) per annum.The above liabilities are additionally secured by security deposits and personal guarantee of Directors.

9 DEFERRED LIABILITIES

	Note	June 30, 2011	June 30, 2010
Staff retirement benefit-gratuity	9.1	4,535,754	3,534,537
Deferred tax	9.2	-	-
		4,535,754	3,534,537

9.1 Movement in the net liability recognized in the balance sheet

(a) Opening net liability	3,534,537	2,931,817
Expense for the year	10,305,817	6,385,018
	13,840,354	9,316,835
Contribution paid	(9,304,600)	(5,782,298)
Closing net liability	4,535,754	3,534,537

(b) Expense recognized in the profit and loss account excluding actuarial loss

Current service cost	1,071,540	1,014,989
Interest cost	425,436	309,418
	1,496,976	1,324,407

(c) General description

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

(d) Principal actuarial assumption

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

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

(e) Historical information

	2011	2010	2009	2008	2007	2006
	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES
Present value of the defined obligation	4,535,754	3,534,537	2,931,817	4,216,919	3,523,054	3,258,442

9.2 The company has provided for the current tax based on normal provisions of the income tax ordinance 2001.However,the Company has not provided for deferred tax since the Company's management expects that in consonance with the past trends, future tax liabilities would continue to be finalized under the final tax Regime. Therefore, any timing differences arising during the year are not expected to reverse in future periods.

		Note	June 30, 2011 RUPEES	June 30, 2010 RUPEES
10	**TRADE AND OTHER PAYABLES**			
	Trade creditors		196,298,848	46,756,711
	Advance From Customers - Export		205,211,855	324,689,917
	Withholding tax payable		31,677	160,003
	Bills payable		264,782,951	165,545,177
	Accrued expenses		21,040,992	16,018,545
	Workers' profit participation fund	10.1	4,230,353	
			691,596,675	553,170,353
10.1	**Workers' profit participation fund**			
	Balance at the beginning of the year		-	-
	Allocation for the year		4,230,353	-
			4,230,353	-
	Less: Payments during the year		-	-
	Balance at the end of the year		4,230,353	-
11	**ACCRUED MARK-UP**			
	Long term financing	11.1	24,819,316	208,583,617
	Short term running finance		9,264,225	34,142,405
			34,083,541	242,726,022

11.1 This includes overdue markup of Rs. 10.136 million.

		Note	June 30, 2011	June 30, 2010
12	**SHORT TERM BORROWINGS**			
	Secured-banking companies	12.1	254,216,981	669,752,731

12.1 The facilities for running finance available from various banks amounted to Rs.904.467 (m) (June 2010:Rs 858.16 (m)) and carries mark-up ranging from 14.35% to 15.78% (June 2010:13.77% to 15.77%) per annum payable quarterly. The above facilities are secured by pledge of raw cotton (if any) and hypothecation charge on stock and book debts and personal guarantee of directors.

13 CONTINGENCIES AND COMMITMENTS

Contingencies

13.1 Bank Al-Falah Ltd had filed recovery suits in the high court of Sindh and in banking court for Rs. 197,675,768 for the loan balances of banking facilities alleging the unauthorized utilization / lifting of pledged stock by the company . The company is defending the case in the high court. The Company has not recognized the disputed estimated markup amounting to Rs.12.111 million in the account. Till the finalization of accounts, the management is actively pursuing settlement of dispute through rescheduling of its liabilities.

13.2 The company has filed a suit in High Court of Sindh and obtained Stay Order against settlement of cross currency swap contracts of Rs. 830.5(M) entered into by the company with Standard Chartered bank. The company mainly contests on provision of unwinding cost calculation, mismatched dates of settlement with its long term loans repayments and other procedural non compliance of foreign bank. No provision of unwinding cost of cross currency swap contract of Rs 293.35 (M) has been made in the financial statements. No confirmation was received from bank. Confirmation was sent. Had the company accounted for currency SWAP losses, the profit of the company would have decreased by Rs. 293.35 million.

13.3 The company had filed a counter recovery suits against Bank Alflah Limited and its muqaddam Asif Associates (Pvt) Ltd in the high court of Sindh for Rs. 172,628,533/- plus interest for recovery of pledged cotton which were in possession and control of defendents.Till the finalization of accounts, no significant development has taken place.

13.4 The Company with many other exporters filed a petition against the imposition of regulatory duty on its export of yarn. The court has granted interim stay order in favor of the company and allowed export of yarn without regulatory duty against post dated cheques. The unpaid amount of regulatory duty was Rs. 24 million.

13.5 Cross corporate Guarantee issued in favour of subsidiary company amounts to Rs. 147,264,177

13.6 Guarantee issued to ETO by bank on behalf of the company amounting to Rs.22.6 million.

		Note	June 30, 2011 RUPEES	June 30, 2010 RUPEES
13.7	**Commitments**			
	Letter of credit - import of cotton		121,088,740	59,709,581
14	**PROPERTY, PLANT AND EQUIPMENT**			
	Operating Assets	14.1	1,925,206,010	1,951,755,104
	Capital Work In Progress	14.2	19,425,844	-
			-	
			1,944,631,853	1,951,755,104

14.1 OPERATING ASSETS

OLYMPIA SPINNING & WEAVING MILLS LIMITED.

FOR THE PERIOD FROM JULY - 2010 TO JUNE - 2011

NET BOOK VALUE.

PARTICULARS	C O S T / R E V A L U A T I O N (RUPEES)					RATE	D E P R E C I A T I O N (RUPEES)					W.D.V.
	AS AT 01-07-2010	ADDITION	DELETION	TRANSFER	AS AT 30-06-2011	%	AS AT	FOR THE Year	DELETION	TRANSFER	AS AT 30-06-2011	AS AT 30-06-2011
OWNED:												
LEASE HOLD LAND	900,689,031	-		-	900,689,031		-	-			-	900,689,031
FACTORY BUILDING	386,536,028	-		-	386,536,028	4%	18,924,362	14,704,467		-	33,628,829	352,907,200
PLANT & MACHINERY	599,208,735	21,418,228		73,368,866	693,995,829	6%	49,057,212	34,429,173		24,156,516	107,642,901	586,352,927
OFFICE EQUIPMENT	8,596,661	219,030		-	8,815,691	10%	4,245,093	447,501		-	4,692,594	4,123,097
FACTORY TOOLS & EQUIPMENT	2,260,896	435,000		-	2,695,896	10%	1,120,210	143,387		-	1,263,597	1,432,300
FURNITURE & FIXTURE	5,977,952	16,800		-	5,994,752	10%	2,974,153	300,497		-	3,274,650	2,720,102
MOTOR VEHICLE	5,331,863	10,905,314	(6,592,460)	3,345,000	12,989,717	20%	3,934,741	1,634,317	(3,993,571)	2,342,407	3,917,894	9,071,823
ARMS & AMMUNITION.	36,500	-		-	36,500	10%	30,869	563		-	31,432	5,068
ELECTRIC & PIPE FITTING	50,393,050	-		-	50,393,050	10%	28,059,942	2,233,311		-	30,293,253	20,099,798
	1,959,030,717	32,994,372	(6,592,460)	76,713,866	2,062,146,495		108,346,582	53,893,215	(3,993,571)	26,498,923	184,745,149	1,877,401,345
LEASED:												
PLANT & MACHINERY	149,817,965	-		(73,368,866)	76,449,099	6%	49,749,589	3,051,362		(24,156,516)	28,644,435	47,804,664
MOTOR VEHICLES	3,345,000	-		(3,345,000)	-	20%	2,342,407	-	-	(2,342,407)	-	-
	153,162,965	-		(76,713,866)	76,449,099		52,091,996	3,051,362		(26,498,923)	28,644,435	47,804,664
TOTAL RUPEES June - 2011	**2,112,193,682**	**32,994,372**	**(6,592,460)**	**-**	**2,138,595,594**		**160,438,578**	**56,944,577**	**(3,993,571)**	**-**	**213,389,584**	**1,925,206,010**
TOTAL RUPEES June - 2010	**2,105,877,007**	**14,714,674**	**(8,398,000)**	**-**	**2,112,193,681**		**105,882,180**	**60,250,262**	**(5,693,865)**	**-**	**160,438,577**	**1,951,755,104**

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

Depreciation has been allocated as under:

	Note	June-2011 RUPEES	June-2010 RUPEES
Cost of Sales	26	54,561,699	58,857,188
Administrative Expenses	28	2,382,878	1,393,074
		56,944,577	**60,250,262**

14.1.2 Had there been no revaluation the related figures of land and factory building at June 30, 2011 would have been as follows.

	Cost	Book Value
Lease hold land	383,000	383,000
Factory building on lease hold land	196,709,276	188,840,905
Plant & Machinery	514,697,152	483,815,323
As at 30th June 2011	**711,789,428**	**673,039,228**
As at 30th June 2010	**730,053,309**	**690,371,201**

14.1.3 DISPOSAL OF FIXED ASSETS BY COMPANY POLICY

Particulars	Original Cost	Accumulated Depreciation	Book Value	Sales Proceed	Mode of Sale	Purchaser
VEHICLES						
SUZUKI BALENO JXR AGZ-027	774,000	585,507	188,493	190,000	Negotiations	Mr. Waseem Mirza, House # A-32, Block 10 A Gulshan Iqbal, Karachi.
HONDA CITY AFX-800	795,000	606,003	188,997	190,000	Negotiations	Mr. Waseem Mirza, House # A-32, Block 10 A Gulshan Iqbal, Karachi.
TOYOTA COROLLA 2.0 D AGM-377	999,000	759,635	239,365	245,000	Negotiations	Mrs. Yasmeen Mukhtar, House # 228/1, Block-4 F.B.Area Karachi.
HONDA CITY AFQ-070	795,000	627,748	167,252	175,000	Negotiations	Mr. Kamran Anwar Sehgal, Flat # 30, Rabia City, Block D-2 Gulistan-e-Johar, Karachi.
SUZUKI ALTO V.X.R. AME-114	504,000	299,811	204,189	205,000	Negotiations	Mr. Roshan Ali, Goth Chodio Wahgo, Panno Aaqil, Post Office Pangoro, District Sukkar.
SUZUKI BALENO JXR AHN-869	774,000	574,803	199,197	205,000	Negotiations	Mr. Waqar Haider Kazmi, Flat # SU-82, Askari IV, Rashid Minhas Road, Karachi.
HONDA CITY I-DSI ALT-826	846,000	492,211	353,789	700,000	Negotiations	M/s. New Jubilee Insurance Company Limited, Jubilee Insurance House, I.I.Chundrigar Road, Karachi.
SUZUKI SWIFT RS412 DLX AUS-787	1,105,460	47,853	1,057,607	1,080,000	Negotiations	Mr. Rizwan Khalid, Banglow # C-11, Block-2, K.A.E.H. Socity, Karachi.
Total Rupees	6,592,460	3,993,571	2,598,889	2,990,000		

14.1.4 PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	COST / REVALUATION (RUPEES) AS AT 30-06-2009	ADDITION	DELETION	TRANSFER	AS AT 30-06-2010	RATE %	DEPRECIATION (RUPEES) AS AT 01-07-2009	FOR THE YEAR	DELETION	TRANSFER	AS AT 30-06-2010	W.D.V. AS AT 30-06-2010
OWNED:												
LEASE HOLD LAND	900,689,031	-	-	-	900,689,031		-	-	-	-	-	900,689,031
FACTORY BUILDING	386,536,028	-	-	-	386,536,028	4%	3,607,209	15,317,153	-	-	18,924,362	367,611,666
PLANT & MACHINERY	571,823,191	14,331,634	-	13,053,910	599,208,735	6%	10,806,954	34,544,631	-	3,705,627	49,057,212	550,151,523
OFFICE EQUIPMENT	8,298,821	297,840	-	-	8,596,661	10%	3,779,673	465,420	-	-	4,245,093	4,351,568
FACTORY TOOLS & EQUIPMENT	2,253,396	7,500	-	-	2,260,896	10%	993,606	126,604	-	-	1,120,210	1,140,686
FURNITURE & FIXTURE	5,900,252	77,700	-	-	5,977,952	10%	2,642,143	332,010	-	-	2,974,153	3,003,799
MOTOR VEHICLE	11,229,863	-	(8,398,000)	2,500,000	5,331,863	20%	7,808,235	344,371	5,693,865	1,476,000	3,934,741	1,397,122
ARMS & AMMUNITION.	36,500	-	-	-	36,500	10%	30,243	626	-	-	30,869	5,631
	50,393,050	-	-	-	50,393,050	10%	25,578,485	2,481,457	-	-	28,059,942	22,333,109
	1,937,160,132	14,714,674	(8,398,000)	15,553,910	1,959,030,716		55,246,548	53,612,270	5,693,865	5,181,627	108,346,581	1,850,684,135
LEASED:												
PLANT & MACHINERY	162,871,875	-	-	(13,053,910)	149,817,965	6%	47,067,873	6,387,343	-	(3,705,627)	49,749,589	100,068,376
MOTOR VEHICLES	5,845,000	-	-	(2,500,000)	3,345,000	20%	3,567,759	250,648	-	(1,476,000)	2,342,407	1,002,593
	168,716,875	-	-	(15,553,910)	153,162,965		50,635,632	6,637,991	-	(5,181,627)	52,091,996	101,070,969
TOTAL RUPEES June - 2010	**2,105,877,007**	**14,714,674**	**(8,398,000)**	**-**	**2,112,193,681**		**105,882,180**	**60,250,262**	**5,693,865**	**-**	**160,438,577**	**1,951,755,104**
TOTAL RUPEES June - 2009	**2,218,753,630**	**64,737,629**	**-**	**-**	**2,105,877,013**		**544,400,039**	**63,543,160**	**-**	**-**	**105,882,179**	**1,999,994,834**
								-	-			

	Note	June 30, 2011 RUPEES	June 30, 2010 RUPEES
14.2 CAPITAL WORK IN PROGRESS			
Civil Works-Building			
Addition		19,425,844	-
		19,425,844	-
15 LONG TERM DEPOSITS			
Lease security deposits		3,899,700	6,149,700
K.E.S.C.		1,829,694	1,829,694
Other deposits		643,978	633,978
		6,373,372	8,613,372
16 LONG TERM INVESTMENT IN SUBSIDIARY			
Long term investment in subsidiary-unquoted			
Olympia Power Generation (Pvt) Ltd			
9,000 ordinary shares of Rs. 10 each.			
Break-up value Rs 8,064.3 per share total Rs. 72,579,048			
(June, 2010 Rs. 7,041.5 per share total Rs. 63,373,490)		44,665,822	44,665,822
		44,665,822	44,665,822

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.

	Note	June 30, 2011 RUPEES	June 30, 2010 RUPEES
17 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores and spares part		15,130,684	8,739,179
Packing material		6,234,595	5,773,887
		21,365,279	14,513,066
18 STOCK IN TRADE			
Raw material	18.2 & 3.7	155,417,247	104,039,343
Work in process		14,018,594	29,588,387
Finished goods	18.3 & 3.7	36,999,980	69,299,540
Waste		1,657,136	129,746
		208,092,957	203,057,017

18.1 The carrying amount of Stock pledged with bank at the balance sheet date amount to Rs.74,158,404.

18.2 Raw material stock cost PKR 171,008,805 (2010: NIL) has been valued at PKR 155,417,247 (2010: NIL) being the net realizable value of raw material.

18.3 Finished goods stock cost PKR 42,647,349 (2010: NIL) has been valued at PKR 36,999,980 (2010: NIL) being the net realizable value of finished goods.

	Note	June 30, 2011 RUPEES	June 30, 2010 RUPEES
19 TRADE DEBTS			
Export - secured - Considered good		268,426,918	71,951,216
Local - unsecured - Considered good		37,161,660	38,627,918
		305,588,578	110,579,134
20 OTHER FINANCIAL ASSETS			
Bank Term Deposits		8,300,000	74,000,000
		8,300,000	74,000,000

The above deposit had been held by bank as collateral security against L/C & Cross current swap contract. This carries markup at the rate of 9.5% p.a.

	Note	June 30, 2011 RUPEES	June 30, 2010 RUPEES
21 LOANS AND ADVANCES			
Unsecured-considered good			
Advances			
To employees			
Staff		230,360	326,597
Workers		1,131,951	2,196,284
		1,362,311	2,522,882
To suppliers		61,378,059	61,839,939
To contractors		3,976,771	4,515,771
Short term deposits and Bank guarantee margins		34,862,178	35,692,745
Letter of Credit		326,081	58,854,746
Freight subsidy receivable		5,656,659	5,656,659
Provision For Doubtful Debts		(5,656,659)	-
		-	-
Infrastructure Cess Receivable	21.1	12,021,533	-
		113,926,933	169,082,742

21.1 In the light of recent Supreme Court decision and on advice of company's lawyer, the company claim Infrastructure Cess from 1994 to 2006 from Excise & Taxation Department.

22 Income tax and Sales tax			
Sales tax receivable		12,141,125	23,018,174
Advance Income tax			
Opening Balance		8,599,695	1,753,551
Withholding Tax during the year		46,949,883	46,445,732
Less: Provision For Taxation		(37,355,738)	(39,599,588)
		18,193,840	8,599,695
		30,334,965	31,617,870
23 OTHER RECEIVABLES			
Central excise duty receivable from banks		261,487	261,487
Others		1,825,633	4,828,983
		2,087,120	5,090,470
24 CASH AND BANK BALANCES			
Cash in hand		3,379,837	64,045
Cash at bank in current accounts		4,677,163	3,692,956
		8,057,000	3,757,001
25 SALES			
Local			
Yarn		303,144,978	678,017,861
Raw cotton		256,117,782	90,001,246
Waste		51,361,621	38,312,050
		610,624,381	806,331,157
Export			
Yarn		3,761,516,741	2,002,935,816
		3,761,516,741	2,002,935,816
		4,372,141,122	2,809,266,973
Brokerage and commission		(73,888,862)	(63,824,491)
Regulatory Duty On Export		-	(15,891,212)
		4,298,252,260	2,729,551,270

		Note	June 30, 2011 RUPEES	June 30, 2010 RUPEES
26	**COST OF SALES**			
	Raw material consumed	26.1	3,072,060,785	2,045,627,514
	Packing material consumed	26.2	42,289,776	51,298,822
	Stores and spare parts consumed	26.3	28,601,884	30,515,714
	Salaries, wages and benefits	26.4	144,316,784	147,556,197
	Power and fuel		198,831,771	212,859,935
	Vehicle running and maintenance		1,309,920	1,065,944
	Traveling and conveyance		94,763	99,257
	Repairs and maintenance		2,776,556	1,968,573
	Insurance		6,124,070	5,134,372
	Miscellaneous overheads		1,666,703	1,818,094
	Depreciation	14.1	54,561,699	58,857,188
			3,552,634,711	2,556,801,609
	Work in process			
	Opening		29,588,387	14,723,369
	Closing		(14,018,594)	(29,588,387)
			15,569,793	(14,865,019)
	Cost of goods manufactured		3,568,204,504	2,541,936,591
	Cost of Cotton sold		197,033,531	83,397,766
	Cotton Yarn purchase		137,157,200	6,083,000
	Finished goods and waste			
	Opening		69,429,286	28,278,833
	Closing		(38,657,116)	(69,429,286)
			30,772,170	(41,150,453)
	Cost of sales		3,933,167,405	2,590,266,903
26.1	**RAW MATERIAL CONSUMED**			
	Opening stock		104,039,343	372,970,778
	Purchases		3,320,472,220	1,860,093,845
			3,424,511,563	2,233,064,624
	Cost of Cotton sold		(197,033,531)	(83,397,766)
	Closing stock		(155,417,247)	(104,039,343)
			3,072,060,785	2,045,627,514
26.2	**PACKING MATERIAL CONSUMED**			
	Opening stock		5,773,887	3,681,564
	Purchases		42,750,484	53,391,145
			48,524,371	57,072,709
	Closing stock		(6,234,595)	(5,773,887)
			42,289,776	51,298,822
26.3	**STORES AND SPARES CONSUMED**			
	Opening stock		8,739,179	9,809,986
	Purchases		34,993,389	29,444,906
			43,732,568	39,254,893
	Closing stock		(15,130,684)	(8,739,179)
			28,601,884	30,515,714

26.4 It includes Rs. 1,496,976/- (June 2010: Rs. 1,324,407/-) in respect of staff retirement benefits.

			June 30, 2011 RUPEES	June 30, 2010 RUPEES
27	**DISTRIBUTION COST**			
	Freight and cartage		38,348,799	36,408,846
	Export Development Surcharge		10,094,290	3,714,233
			48,443,089	40,123,079

		Note	June 30, 2011 RUPEES	June 30, 2010 RUPEES
28	**ADMINISTRATIVE AND SELLING EXPENSES**			
	Salaries and other benefits	28.1	17,487,655	17,366,222
	Rent, rates and taxes		7,233,061	4,722,442
	Electric gas and water		1,466,102	1,205,148
	Postage, telephone and telex		1,011,493	1,093,119
	Printing and stationery		448,795	676,224
	Traveling and conveyance		851,901	227,429
	Legal and professional		5,971,732	9,899,106
	Newspapers and periodicals		12,420	10,186
	Repairs and maintenance		1,257,677	518,760
	Charity and donation	28.2	188,000	10,000
	Advertisement and publicity		54,840	21,956
	Motor vehicle expenses		1,376,919	1,388,479
	Entertainment		1,170,003	785,972
	Auditor's remuneration:			
	Audit fee		550,000	500,000
	Half yearly review fee		99,825	90,750
			649,825	590,750
	Miscellaneous		260,272	228,498
	Insurance Expense		574,998	505,001
	Provision for bad debts		5,656,659	-
	Depreciation	14.1	2,382,878	1,393,074
			48,055,229	40,642,366

28.1 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

28.2 Directors and their spouse have no interest in the donees.

			June 30, 2011 RUPEES	June 30, 2010 RUPEES
29	**OTHER OPERATING INCOME/CHARGES**			
	Income From Financial Assets			
	Return on Bank Term Deposits		5,911,309	1,055,623
	Income From Non-Financial Assets			
	Gain on disposal of fixed assets		391,111	102,173
	Others			
	Scrap Sales		2,535,078	2,573,686
	Other receipts		564,017	218,444
	Workers' profit participation fund		(4,230,353)	-
			5,171,162	3,949,927
30	**FINANCE COST**			
	Interest/mark-up on			
	Long term loans		113,573,988	51,307,719
	Bank running finance		26,116,070	86,462,635
	Finance charges on lease		9,151,212	14,587,812
			148,841,270	152,358,166
	Markup on local L/C documents		29,821,970	20,027,032
	LC discounting and Bank charges		14,717,756	16,468,584
			193,380,996	188,853,782

	Note	June 30, 2011 RUPEES	June 30, 2010 RUPEES
31 TAXATION			
Current	31.1	37,355,738	27,192,159
Prior		(5,623)	-
		37,350,115	27,192,159

31.1 Current

The provision for taxation has been made in these financial statement on the basis of section 169 of the income tax

32 EARNINGS PER SHARE - BASIC & DILUTED

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

Profit/Loss for the year in rupees	43,026,587	(153,577,092)
Total number of ordinary shares	12,000,000	12,000,000
Earnings per share in rupees- Basic and diluted	3.59	(12.80)

33 CASH GENERATED FROM OPERATIONS

Loss before taxation	80,376,702	(126,384,933)
Adjustment for non cash charges and other items		
Depreciation	56,944,577	60,250,262
Finance cost	193,380,996	188,853,782
(Gain)/Loss on disposal of fixed assets	(391,111)	(102,173)
Provision for gratuity	1,496,976	1,324,407
	251,431,438	250,326,277
Operating profit / (loss) before working capital changes	331,808,140	123,941,344
(Increase)/decrease in current assets		
Stock, Store & spare parts	(11,888,153)	211,894,447
Trade debts	(195,009,444)	49,868,729
Short Term Investments	65,700,000	(65,700,000)
Loans and advances	55,155,809	(76,460,613)
Refund due from Government	10,877,049	(10,387,856)
Other receivables	3,003,350	(688,564)
	(72,161,388)	108,526,143
Increase/(decrease) in current liabilities		
Trade and other payables	138,426,322	(22,457,211)
	398,073,075	210,010,277

34 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	34.1	186,841,881

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

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

35 RECORDING OF DISPUTED LIABILITIES AS A RESULT OF UBL SETTLEMENT AGREEMENT

Consequence to the settlement of dispute with United Bank Limited, the disputed markup, liability of forward contracts and cross current contracts has now been accounted for by restating the appropriate prior period figures to match the corresponding period figures through a consent decree. The effect of the restatement on financial statements of 2009 and 2010 are summarized below:

	2010 Rupees	2009 Rupees
Balance Sheet		
Increase in markup payable	52,161,688	48,056,102
Increase in liability for forward contract		34,545,500
Increase in liability for cross currency contract		53,320,000
decrease in unappropriated loss	52,161,688	135,921,602
Profit & Loss Account		
Increase in Financial charges	52,161,688	48,056,102
Increase in Loss on Forward contract		34,545,500
Increase in Loss on cross currency contract		53,320,000
Increase in net loss after tax	52,161,688	135,921,602
Decrease in earning per share	4.35	11.33

36 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

36.1 Credit risk
36.2 Liquidity risk
36.3 Market risk

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

36.1 Credit risk

36.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and short term prepayments and cash and bank balances. Out of total financial assets of Rs. 488.999 million (June 30, 2010 : Rs.415.788 million), financial assets which are subject to credit risk aggregate to Rs. 485.619 million (June 30, 2010 : Rs. 415.724 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2011 Rupees	2010 Rupees
Long term Investments	44,665,822	44,665,822
Long term deposits	6,373,372	8,613,372
Trade debts	305,588,578	110,579,134
Loans and advances	113,926,933	169,082,742
Other financial assets	8,300,000	74,000,000
Other Receivables	2,087,120	5,090,470
Bank balances	4,677,163	3,692,956
	485,618,988	415,724,496

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

	2011 Rupees	2010 Rupees
Domestic	37,161,660	38,627,918
Export	268,426,918	71,951,216
	305,588,578	110,579,134

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

	2011 Rupees	2010 Rupees
Yarn	92,994,892	42,125,399
Waste	2,508,413	9,178,329
Raw Cotton	206,934,034	59,275,406
	302,437,339	110,579,134

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

	2011	2010
	Rupees	
Past due 0 - 30 days	-	-
Past due 31 - 90 days	-	-
Past due 90 days - 1 year	-	-
More than one year	-	-
	-	-
Impairment	-	-
	-	-

36.2 Liquidity risk

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

	2011					
	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	Rupees					
Non - derivative Financial liabilities						
Long term financing	1,161,296,540	1,161,296,540	21,429,695	24,999,755	270,879,639	843,987,451
Finance lease	40,147,391	43,342,213	17,284,472	16,741,176	9,316,565	-
Trade and other payables	691,596,675	691,596,675	691,596,675	-	-	-
Accrued mark up and	34,083,541	34,083,541	34,083,541	-	-	-
Short term borrowings	254,216,981	254,216,981	-	150,054,698	104,162,283	-
	2,181,341,128	2,184,535,950	764,394,383	191,795,629	384,358,487	843,987,451

	2010					
	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	Rupees					
Non - derivative Financial liabilities						
Long term financing	591,470,247	591,470,247	11,155,013	69,035,745	164,309,100	346,970,389
Finance lease	82,748,457	90,697,206	37,407,420	27,881,051	25,408,735	-
Trade and other payables	553,170,353	553,170,353	553,170,353	-	-	-
Accrued mark up / interest	242,726,022	242,726,022	242,726,022	-	-	-
Short term borrowings	669,752,731	669,752,731	-	362,479,289	307,273,442	-
	2,139,867,810	2,147,816,559	844,458,808	459,396,085	496,991,277	346,970,389

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

36.3 Market risk

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

36.3.1 Currency risk

Exposure to currency risk

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

	US Dollar	Rupees
Trade debts 2011	3,131,256	268,426,918
Trade debts 2010	446,386	37,161,660

The following significant exchange rates applied during the year.

	Average rates		Reporting date rates	
	2011	**2010**	**2011**	**2010**
US Dollar to Rupee	85.73	83.25	86.05	85.40

Sensitivity analysis

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

	2011 Rupees	2010 Rupees
US Dollar	(13,472,229)	(1,906,070)

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

36.3.2 Interest rate risk

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

	2011 Rupees	2010 Rupees
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	-	-
Variable rate instruments		
Financial assets	8,300,000	74,000,000
Financial liabilities	1,405,459,899	1,290,705,952

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for June 30, 2009.

	Profit and loss	
	100 bps increase	100 bps decrease
	Rupees	
Cash flow sensitivity - variable rate instruments 2011	14,054,599	(14,054,599)
Cash flow sensitivity - variable rate instruments 2010	12,907,060	(12,907,060)

36.4 Fair value of financial assets and liabilities

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

	2011 Rupees	2010 Rupees
36.5 Off balance sheet items		
Bank guarantees issued in ordinary course of business	22,620,000	-
Letters of credit for raw material	121,088,740	59,709,581

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

37 CAPITAL RISK MANAGEMENT

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

		2011	2010
Borrowings	Rupees	1,409,231,460	1,317,046,160
Total equity	Rupees	(589,686,428)	(633,473,627)
Total capital employed	Rupees	819,545,032	683,572,533
Gearing ratio	Percentage	171.95	192.67

38 STOCK-IN-TRADE AND STORES & SPARES

The Company reviews the net realizable value of stock-in-trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores and spares with a corresponding affect on the amortization charge and impairment. Net realizable value is determined with respect to estimated selling price less estimated expenditures to make the sales. As the selling price of yarn has decreased substantially after the balance sheet date therefore the valuation of raw material, work in process and finished goods as on 30th June 2011 has been made using the following accounting estimates and judgments;

a Raw Material Valuation

Due to erratic variation in cotton price in the month of July 2011, August 2011 and September 2011 ranging from PKR 4,800 per maund to PKR 7,500, the raw material cost can not be determined at replacement cost as recommended in the paragraph 32 of IAS 2. The valuation has been made on the basis of realization value. Amount realized on account of cotton component has been determined on the basis of sale price of yarn sold during the month of July 2011, August 2011 and September 2011. The value of raw cotton as on 30th June 2011 has been reduced by PKR 15,591,558 due to above effect.

b Finished Goods Valuation

Finished goods have been valued at cost or net realizable value which ever is lower as defined in IAS 2. The value of finished goods as on 30th June 2011 has been reduced by PKR 5,647,369 due to carrying stock at net realizable value.

c Work In Process

Work in process has been valued at value of cotton as determined in note 38 (a) plus overhead cost.

d Waste Valuation

Waste has been valued at net realizable value as defined in IAS 2.

39 PLANT CAPACITY AND PRODUCTION:

	2011	2010
Total number of spindles installed	44,484	44,484
Average No. of spindles worked	35,568	44,004
Number of shifts	3	3
Actual production of the period in kgs after conversion into 20/1 count	9,657,247	12,187,568
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. The capacity of the plant is utilized to the extent of order received.

40 DATE OF AUTHORIZATION FOR ISSUE

The Board of directors of the company authorized these financial statements for issue on 07th October ,2011

CHIEF EXECUTIVE **DIRECTOR**

Karachi:
Dated: 07th October 2011

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 50th Annual General Meeting of the Company to be held on Thursday, 31th October, 2011 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________________________________2010

____

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.