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, 2010 for your consideration and approval.

OPERATING REVIEW:

The operating results of the period under review has resulted in net loss before taxation of Rs.74,223,245/- with net sales of Rs.2,729,551,270/- as compared to the last year's sale of Rs.2,352,987,051/- which shows a increase of 16% over last year's sale.

	For Year ended June 30, 2010 Rupees	For Year ended June 30, 2009 Rupees
Appropriation of profit is as under:		
Net (loss) before taxation	(74,223,245)	(470,215,010)
Taxation:	(27,192,159)	(14,093,598)
Net loss for the year after taxation	(101,415,404)	(484,308,608)
Unappropriated (loss) brought forward	(517,189,343)	(34,397,021)
Actuarial Loss recognized outside income statement	(5,060,611)	(5,033,227)
Amount of incremental depreciation arising due to surplus on revaluation of fixed assets transferred to accumulated profit	10,029,147	6,549,513
Accumulated (loss) carried forward	(613,636,211)	(517,189,343)
EPS	(8.45)	(40.36)

FINANCIAL RESULTS:

The financial results for the year ended June 30, 2010 have shown some signs of recovery and resulted in net loss after tax of Rs.101,415,404\=.The operating profit has been increased from Rs (297,282,565) to Rs 62,468,848 as compared to last year. Gross profit percentage has increased from (9.20%) to 5.1% as compared with the previous corresponding period. The loss for the year is due to non availability of working capital, increase in local and imported cotton rates, increase in energy rates and increase in wage rates. The current financial results would have in profitability if the textile industry wouldn't have liquidity crunch, high markup and raw cotton cost since last three years.

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 term 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.

We are pleased to inform our shareholders that your company had successfully negotiated a new restructuring agreement with Askari Bank Limited with repayment period of ten years which has resulted in withdrawal of all court cases filed by Askari Bank Limited through consent decree.

Last year 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 alleged unauthorized utilization / lifting of pledge stock by the company. The company is defending the case in the high court through its legal counsel. Currently the matter is under court and hopefully will be settled amicably.

During the current year, United Bank Limited filed recovery suits in High Court of Sindh for aggregate outstanding amount of Rs 630.566. As disclosed in Note 13, no provision has been made in the accounts for disputed markup, disputed forward contract losses and disputed unwinding cost on the basis of which the auditors have give their remarks in Auditors report .The company almost finalized new restructuring terms in principal with UBL which will be finalized very soon.

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 50% of our total sale to Hong Kong, Korea, Bangladesh, Colombia and USA and hope to reach the level of more than 75% exports of our total sales. 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 Exchanges in the country under instructions from Security & Exchange Commission of Pakistan. We are taking all the necessary steps to ensure Good Corporate Governance in the Company as required by the Code.

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

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

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

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

4- International Accounting Standards, as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed .

5- The system of internal control is sound in design and has been effectively implemented and monitored.

6- There are no significant doubt upon the Company's ability to continue as a going concern.

7- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

8- Key operating and financial data of last six years is annexed.

9- During the year, 6 board meetings were held and the attendance by each director is given hereunder:

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

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 2010-2011 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, 2010

M .WAQAR MONNOO
(Chief Executive/Director)

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

(Rupees in Million)

YEAR ENDED JUNE 30,	2010	2009	2008	2007	2006	2005
OPERATING RESULTS						
Sales net	2,729.55	2,352.99	4,742.48	2,231.54	1,882.93	1,240.58
Gross profit.	139.28	(216.54)	220.34	214.83	205.94	126.04
Operating expenses	80.77	84.94	82.59	79.91	64.70	42.00
Operating profit	62.47	(297.28)	141.35	139.33	142.60	84.75
Finance cost	136.69	172.93	141.57	159.04	122.91	71.22
Others expenses - net (W.P.P.F)	-	-	-	-	1.04	0.71
Profit/(Loss) before tax	(74.22)	(470.22)	(0.23)	(19.71)	19.70	13.54
Taxation	27.19	14.09	14.80	14.30	18.04	(4.87)
Profit /(Loss) after tax	(101.42)	(484.31)	(15.03)	(34.01)	1.66	18.40
FINANCIAL POSITION						
Paid-up Capital	120.00	120.00	120.00	120.00	24.00	24.00
Retained earnings/(loss)	(585.72)	(499.34)	(49.04)	(32.35)	20.07	5.46
Total equity	(445.39)	(348.94)	133.85	99.63	32.39	29.46
Long term finances	564.54	265.63	306.42	370.08	435.68	406.57
Deferred liability	3.53	2.93	4.22	3.52	12.96	19.34
Current liabilities	1,370.91	1,666.16	1,079.33	1,076.00	994.03	1,073.39
Total assets	2,616.73	2,777.58	2,451.69	2,256.31	2,220.64	2,113.30
Fixed assets (Gross)	2,112.19	2,105.88	2,218.75	1,959.64	1,869.25	1,639.60
Accumulated depreciation	160.44	105.88	544.40	485.82	427.99	370.08
Fixed assets (Net)	1,951.76	1,999.99	1,674.35	1,473.82	1,441.27	1,269.52
Long term deposits	8.61	21.59	21.50	22.74	21.28	27.21
Current assets	611.70	711.33	705.21	756.45	745.90	805.26
RATIOS						
Gross pofit to sales % (Excluding Depreciation)	7.26	(6.62)	10.10	12.23	14.23	13.57
Gross pofit to sales % (Including Depreciation)	5.10	(9.20)	8.03	9.63	10.94	10.16
Cost of sales to sales %	(94.90)	(109.20)	(91.97)	90.37	89.06	89.84
Net profit to sales %	(2.72)	(19.98)	(0.01)	(0.88)	1.05	1.09
Earning/(loss) per shares in Rs.	(8.45)	(40.36)	(1.25)	(2.83)	0.14	7.67
Earning/(loss) to equity %	16.66	134.75	(0.17)	(19.78)	60.82	45.96
Adamin expenses to net sales %	1.49	1.43	1.33	1.42	1.63	1.35
Return on fixed assets before tax %	(3.80)	(23.51)	(0.01)	(1.34)	1.37	1.07
Return on total assets before tax %	(2.84)	(16.93)	(0.01)	(0.87)	0.89	0.64
Debt equity ratio %	59.23	56.81	44.87	57.01	59.00	66.31
Current ratio	0.45	0.43	0.65	0.70	0.75	0.75
Quick ratio	0.29	0.17	0.26	0.24	0.28	0.26
Turn over to fixed assets times	1.36	1.18	1.64	1.51	1.31	0.98
Turn over to total assets times	1.04	0.85	1.12	0.99	0.85	0.59

FORM - A

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS AS AT JUNE 30, 2010

No. of Share Holders	Shareholding					Total Shares Held
130	Holding	from	001	to	100	8,185
110	---do---		101	to	500	27,288
17	---do---		501	to	1,000	16,401
37	---do---		1,001	to	5,000	96,209
8	---do---		5,001	to	10,000	56,716
4	---do---		10,001	to	15,000	49,101
1	---do---		15,001	to	20,000	16,000
4	---do---		20,001	to	25,000	89,593
3	---do---		25,001	to	30,000	80,419
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---		95,001	to	100,000	97,500
1	---do---		110,001	to	115,000	113,043
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
333						12,000,000

Categories Shareholders	No. of Shareholders	Shares Held	Percentage
Individuals	323	11,905,603	99.21%
Financial Institutions	4	36,642	0.31%
Other Companies	6	57,755	0.48%
	333	12,000,000	100%

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS AS AT JUNE 30, 2010

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		25,919	0.22
(2) The Bank Of Punjab		9,170	0.08
(3) Fateh Textile Mills Ltd.		50	0.0004
(4) Stock Master Securities (Pvt) Ltd		2,000	0.02
(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, 2010

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, 2010.

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, 2010 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, 2010 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

MUSHTAQ & CO.
CHARTERED ACCOUNTANTS

407-Commerce Centre
Hasrat Mohani Road
Karachi-74200
Tel: 2638521-4
Fax: 2639843

Branch Office:
20-B, Block-G
Gulberg-III, Lahore
Tel: 5884926, 5865618
Fax: 5843360

REVIEW REPORT TO THE MEMBERS

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

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Olympia Spinning & Weaving Mills Limited to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange (Guarantee) Limited where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the company personnel and review of various documents prepared by the company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control system sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

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

Based on our review, nothing has come to our attention which causes us to believe that the statement of compliance does not appropriately reflect the company's compliance, in all material respect, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2010.

Karachi:
Dated: ____________

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 49th 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 Saturday, October 30th 2010 at 8:00 a.m. to transact the following business:

Ordinary Business

1. To confirm the minutes of last Annual General Meeting of the Company held on October 29, 2009.

2. To receive, consider and adopt Audited Accounts for the year ended 30th June, 2010 together with Auditor's and Director's Report thereon.

3. To appoint Auditors for the year ending 30th June, 2011 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: 08 October, 2010

Note

a. The Register of Members of the Company will remain closed from 23rd October 2010 to 30th October 2010 (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.

MUSHTAQ & CO.
CHARTERED ACCOUNTANTS

407-Commerce Centre,
Hasrat Mohani Road,
Karachi-74200,
Pakistan

Tel: 2638521- 4 Fax: 2639843
Email: hmi@cyber.net.pk

Branch Office:
20-B, Block-G,
Gulberg-III,
Lahore.

Tel: 5884926, 5865618
Fax:5843360

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Olympia Spinning & Weaving Mills Limited** as at June 30, 2010 and the related profit and loss account, cash flow statement, statement of comprehensive income and statement of changes in equity together with the notes forming part thereof, for the year ended June 30, 2010 and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) Bank Al-Falah Ltd had filed recovery suits in the high court of Sindh and in banking court for Rs. 197,675,768 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 markup amounting to Rs. 12.111 million in the account. No confirmation was received from the Bank. Confirmation was sent. Had the company accounted for the markup, the loss would have increased by Rs. 12.111 million.

(c) United Bank Limited filed recovery suit in the high court of Sindh for Rs. 577,242,034 for the loan balances of banking facilities remaining unpaid. The company is defending the case in the high court. No provision of the disputed markup and outstanding liability of disputed forward contract losses amounting to Rs. 58.462 million and Rs. 34.545 million respectively has been made in the account. Had the company accounted for the markup and forward contract losses, the loss would have increased by Rs. 93.087 million.

(d) United Bank Limited also filed recovery suit in the high court of Sindh for Rs. 53,324,025 for the outstanding liability against cross currency swap contract of Rs 250 m.No provision of liability of disputed cross currency contract of Rs 53,324,025 has been made in the financial statements. Had the company accounted for this liability the loss of the company would have increased by Rs. 53.324 million.

(e) 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.

(f) In our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied,

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

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

(g) 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) and (d) above and its effects on the financial statements, the balance sheet, profit and loss account, cash flow statement, statement of comprehensive income 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, 2010 and of the loss, its cash flows and changes in equity for the year then ended ; and

(h) 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. 613.636 million. The current liabilities exceed current assets by 759.212 million. The going concern assumption is based on the financial support/ commitment by the sponsors/directors as mentioned in note 1.3.

KARACHI: _______________

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

OLYMPIA SPINNING & WEAVING MILLS LIMITED
BALANCE SHEET
AS AT JUNE 30, 2010

EQUITY AND LIABILITIES	NOTE	JUNE 30, 2010 RUPEES	JUNE 30, 2009 RUPEES
SHARE CAPITAL AND RESERVES			
Authorized capital			
13,000,000 Ordinary shares of Rs.10 each.		130,000,000	130,000,000
Issued, subscribed and paid up capital	4	120,000,000	120,000,000
Reserves	5	(565,390,336)	(468,943,468)
		(445,390,336)	(348,943,468)
Surplus on revaluation of property, plant and equipment	6	1,106,802,878	1,116,832,025
NON CURRENT LIABILITIES			
Long term financing	7	564,544,972	265,626,241
Liability against assets subject to finance lease	8	16,330,212	74,974,933
Deferred liabilities	9	3,534,537	2,931,817
CURRENT LIABILITIES			
Trade and other payables	10	553,170,353	575,627,570
Interest / Mark-up accrued on loans	11	54,642,731	59,524,348
Short-term borrowings	12	669,752,731	961,586,030
Current portion of			
- long term financing		26,925,275	30,687,481
- liabilities against asset subject to finance lease		66,418,245	38,734,089
		1,370,909,335	1,666,159,518
CONTINGENCIES AND COMMITMENTS	13		
		2,616,731,598	2,777,581,065
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	14	1,951,755,104	1,999,994,834
Long term deposit	15	8,613,372	21,593,772
Long term investment in subsidiary	16	44,665,822	44,665,822
CURRENT ASSETS			
Stores, spare parts and loose tools	17	14,513,066	13,491,550
Stock in trade	18	203,057,017	415,972,980
Trade debts - considered good	19	110,579,134	160,447,864
Other financial assets	20	74,000,000	8,300,000
Loans and advances	21	169,082,742	92,622,128
Income tax and Sales tax	22	31,617,870	14,383,869
Other receivables	23	5,090,470	4,401,906
Cash and bank balances	24	3,757,001	1,706,341
		611,697,300	711,326,638
		2,616,731,598	2,777,581,065

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE **DIRECTOR**

Karachi: 07 October , 2010

OLYMPIA SPINNING & WEAVING MILLS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2010

	NOTE	For the year ended June 30, 2010 RUPEES	For the year ended June 30, 2009 RUPEES
Sales (net)	25	2,729,551,270	2,352,987,051
Cost of sales	26	(2,590,266,903)	(2,569,527,580)
Gross Profit / (Loss)		139,284,367	(216,540,529)
Distribution cost	27	(40,123,079)	(51,321,911)
Administrative expenses	28	(40,642,366)	(33,616,614)
Other operating income	29	3,949,927	4,196,489
		(76,815,518)	(80,742,036)
Operating Profit / (Loss)		62,468,848	(297,282,565)
Finance cost	30	(136,692,094)	(172,932,445)
Net loss before taxation		(74,223,245)	(470,215,010)
Taxation	31	(27,192,159)	(14,093,598)
Net loss for the year after taxation		(101,415,404)	(484,308,608)
Earning per share - Basic and diluted	32	(8.45)	(40.36)

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE **DIRECTOR**

Karachi: 07 October , 2010

OLYMPIA SPINNING & WEAVING MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2010

	June-2010 RUPEES	June-2009 RUPEES
Loss for the period after taxation	(101,415,404)	(484,308,608)
Other Comprehensive Income:		
Actuarial (Loss) recognised	(5,060,611)	(5,033,227)
Total comprehensive loss for the period	**(106,476,015)**	**(489,341,835)**

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

CHIEF EXECUTIVE **DIRECTOR**

Karachi: 07 October , 2010

OLYMPIA SPINNING & WEAVING MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2010

	PAID UP CAPITAL	REVENUE RESERVE	CAPITAL RESERVE	UN-APPROPRIATED LOSS	TOTAL
	RUPEES				
Balance as at 30-06-2008	120,000,000	3,580,053	44,665,822	(34,397,021)	133,848,854
Total compehensive income for the year ended June 30, 2009	-	-	-	(489,341,835)	(489,341,835)
Transfer from surplus on revaluation of property, plant & equipment on account of- incremental depreciation	-	-	-	6,549,513	6,549,513
Balance as at 30-06-2009	120,000,000	3,580,053	44,665,822	(517,189,343)	(348,943,468)
Total comprehensive income for the Year ended June 30, 2010	-	-	-	(106,476,015)	(106,476,015)
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	120,000,000	3,580,053	44,665,822	(613,636,211)	(445,390,336)

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

CHIEF EXECUTIVE **DIRECTOR**

Karachi: 07 October , 2010

OLYMPIA SPINNING AND WEAVING MILLS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2010

	For year ended June30, 2010 RUPEES	For year ended June30, 2009 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES		
Cash generated from operations (Note: 33)	210,010,277	(115,541,580)
Taxes paid	(34,038,303)	(6,430,812)
Finance cost paid	(141,573,711)	(141,257,195)
Gratuity paid	(5,782,298)	(7,398,800)
Long term deposits	12,980,400	(98,000)
Net cash from operating activities	41,596,364	(270,726,387)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	2,806,308	-
Fixed capital expenditure	(14,714,674)	(64,737,629)
Capital work in progress	-	5,963,413
Net cash used in investing activities	(11,908,366)	(58,774,216)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term finance	295,156,525	(68,435,660)
Short term borrowings	(291,833,299)	434,723,684
Repayment of lease liabilities	(30,960,564)	(37,241,605)
Net cash used in financing activities	(27,637,338)	329,046,419
Net increase in cash and cash equivalents	2,050,660	(454,184)
Cash and cash equivalents at the beginning of the year	1,706,341	2,160,525
Cash and cash equivalents at the end of the year.	3,757,001	1,706,341

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE **DIRECTOR**

Karachi: 07 October , 2010

1 The Company and its Operations

1.1 THE COMPANY AND ITS OPERATIONS:

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

1.2 United Bank Ltd and Bank Alfalah Ltd have filed separate suits in the high court of Sindh and in banking court for recovery of Rs. 577,242,034 and 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 cumulative loss of the company stands at Rs.613.636 million. The current liabilities exceed current assets by 759.212 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

¤ Revised IAS - 1 Presentation of Financial Statements (effective for annual periods beginning on or after 01 January 2009) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. The revised standard requires an entity to opt for presenting such transactions either in a single statement of comprehensive income or in an income statement and a separate statement of comprehensive income. There are no items for other comprehensive income, therefore no impact on the company financial statements.

¤ IAS 23 (Amendment), "Borrowing costs" requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing borrowing costs has been removed. Further, the definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in IAS 39 "financial Instrument: Recognition and measurement". There is no material impact on the company financial statements due to change in the interest calculation method.

¤ IAS - 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 01 January 2009). The amendment removes the definition of the cost methods from IAS - 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The application of the standard does not to have an effect on the company's financial statements.

- Amendments to IAS - 32 Financial Instruments : Presentation and IAS - 1 Presentation of Financial Statements (effective for annual period beginning on after 01 January 2009) - Puttable Financial Instruments and Obligations Arising on Liquidations requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The amendments, which requires retrospective application, but does not have any impact on the company's financial statements.
- Amendment to IAS - 39 Financial Instruments : Recognition and Measurement - Eligible hedged items (effective for annual periods beginning on or after 01 July 2009) clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. The amendment does not have an effect on the company's financial statements.
- Amendments to IAS - 39 and IFRIC - 9 Embedded derivatives (effective for annual periods beginning on or after 01 January 2009). Amendments require entities to assess whether they need to separate an embedded derivative from a hybrid (combined) financial instrument when financial assets are reclassified out of the fair value. The amendments does not have an effect on company's financial statements.
- Amendment to IFRS - 2 Share-based Payment - Vesting Conditions and Cancellations (effective for annual periods beginning on or after 01 January 2009) clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The application of this standard does not have any effect on the company's financial statements.
- Amendment to IFRS - 2 Share-based Payment - Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 01 January 2010). The amendments resolve diversity in practice regarding attribution of cash-settled share-based payment transactions and require an entity receiving goods or services in either an equity-settled or a cash-settled payment transactions to account for the transaction in its separate or individual financial statements. The application of this standard does not have any effect on the company's financial statements.
- Revised IFRS - 3 Business Combinations (applicable for annual periods beginning on or after 01 July 2009) broadens among other things the definition of business resulting in more acquisitions being treated as business combinations, contingent consideration to be measured at fair value, transaction costs other than share and debt issue costs to be expensed, any pre-existing interest in an acquire to be measured at fair value, with the related gain or loss recognized in profit or loss and any non-controlling (minority) interest to be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of an acquire, on a transaction-by-transaction basis. The application of this standard does not have an effect on the company's financial statements.
- IFRS - 4 Insurance Contracts (effective for annual periods beginning on or after 01 January 2009). The IFRS makes limited improvements to accounting for insurance contracts until the Board completes the second phase of its project on insurance contracts. The standard also requires that an entity issuing insurance contracts (an insurer) to disclose information about those contracts. The standard is not applicable to the company's operations.
- Amendment to IFRS - 7 Improving disclosures about Financial Instruments (effective for annual periods beginning on or after 01 January 2009). These amendments have been made to bring the disclosure requirements of IFRS - 7 more closely in line with US standards. The amendments introduce a three-level hierarchy for fair value measurement disclosures and require entities to provide additional disclosures about the relative reliability of fair value measurements.
- IFRS - 8 Operating Segments (effective for annual periods beginning on or after 01 January 2009) introduces the "management approach" to segment reporting. IFRS - 8 requires a change in the presentation and disclosure of segment information based on the internal reports that a regularly reviewed by the company's "chief operating decision maker" in order to asses each segment's performance and to allocate resources to them. The company determines and presents operating segments based on the information that internally provided to CEO, who is the company chief operating decision maker.
- IFRIC - 15 Agreement for the Construction of Real Estate (effective for annual periods beginning on or after 01 October 2009) clarifies the recognition of revenue by real estate developers for sale of units, such as apartments or houses, 'off-plan', that is, before construction is complete. The IFRIC is not relevant to the company's operations.
- IFRIC - 16 Hedge of Net Investment in a Foreign Operation (effective for annual periods beginning on or after 01 October 2008) clarifies that net investment hedging can be applied only to foreign exchange differences arising between the functional currency of a foreign operation and the parent entity's functional currency and only in an amount equal to or less than the net assets of the foreign operation, the hedging instrument may be held by any entity within the group except the foreign operation that is being hedged and that on disposal of a hedged operation, the cumulative gain or loss on the hedging instrument that was determined to be effective is reclassified to profit or loss. The interpretation allows an entity that uses the step-by-step method of consolidation an accounting policy choice to determine the cumulative currency translation adjustment that is reclassified to profit or loss on disposal of a net investment as if the direct method of consolidation had been used. The IFRIC is not relevant to the company's operations.
- IFRIC - 17 Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after 01 July 2009) states that when a company distributes non cash assets to its shareholders as dividend, the liability for the dividend is measured at fair value. If there are subsequent changes in the fair value before the liability is discharged, this is recognized in equity. When the non cash asset is distributed, the difference between the carrying amount and fair value is recognized in the income statement. As the company does not distribute non-cash assets to its shareholders, this interpretation has no impact on the company's financial statements.

- IFRIC - 18 Transfers of Assets from Customers (to be applied prospectively to transfers of assets from customers received on or after 01 July 2009). This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). The interpretation is not relevant to the company's operations.

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

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

- IFRS 2 (Amendments), "Group cash settled and share based payment transactions", is effective for the accounting period beginning on or after January 1, 2010. In addition to incorporating IFRIC 8, "Scope of IFRS 2" and IFIRC 11, IFRS 2 - "Group and treasury share transactions", the amendments expand on the guidance in IFRC 11 to address the classification of group arrangements that were not covered by that interpretation. The new guidance is not expected to have a material impact on the company's financial statements.

- IFRS 8 (Amendment), "Disclosure of information about segment assets" (effective for the accounting period beginning on or after January 1, 2010). This amendment clarifies that an entity is required to disclose a measure of segment assets only if that measure is regularly reported to the chief operating decision maker. The new guidance is not expected to have material impact on the company's financial statements.

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 tax base of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

The carrying amount of all deferred tax assets are reviewed at each balance sheet date and reduced to the extent, if it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

3.3 Trade and other payables

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

3.4 Provisions

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

3.5 Property, plant and equipment

a) Owned

Property plant and equipment except land 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 capitalised. 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

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

3.9 Trade debts

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

3.10 Cash and cash equivalent

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

3.11 Financial instruments

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

3.12 Offsetting of financial assets and liabilities

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

3.13 Revenue recognition

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

3.14 Derivative Financial Instruments

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

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

3.15 Borrowing cost

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

3.16 Dividend and appropriation to reserves

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

			June 30, 2010 RUPEES	June 30, 2009 RUPEES
4	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**			
	2,200,000 Ordinary shares of Rs.10 each allotted for consideration paid in cash		22,000,000	22,000,000
	200,000 Ordinary shares of Rs.10 each allotted as bonus shares		2,000,000	2,000,000
	9,600,000 Ordinary shares of Rs. 10 each issued as right shares		96,000,000	96,000,000
			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		(613,636,211)	(517,189,343)
			(565,390,336)	(468,943,468)
6	**SURPLUS ON REVALUATION OF FIXED ASSETS**			
	Balance as at June 30, 2009		1,116,832,025	798,934,764
	Add: surplus on revaluation of land		-	223,989,031
	Add: surplus on revaluation of factory building		-	50,941,948
	Add: surplus on revaluation of plant & machinery		-	49,515,795
			1,116,832,025	1,123,381,538
	Less:			
	transfer to equity on account of incremental depreciation for the year.		10,029,146.83	6,549,513
			10,029,147	6,549,513
	Balance as at June 30, 2010		1,106,802,878	1,116,832,025

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).

			June 30, 2010	June 30, 2009
7	**LONG TERM FINANCING**			
	From banking companies - secured			
	Loan 1. UBL TFL	7.1	63,000,000	63,000,000
	Loan 2 . Askari Bank Ltd.	7.2	370,566,839	128,333,332
	Loan 3 . Askari Bank Ltd. Swapped TF	7.2(a)	4,166,665	4,999,999
	Loan 4 . Askari Bank Ltd. (Frozen Markup)	7.2(b)	55,471,260	-
	Loan 5. My Bank Ltd.	7.3	45,000,000	45,000,000
			538,204,764	241,333,331
	From related party - unsecured			
	Directors loan- Sub-ordinated	7.4	53,265,483	54,980,391
			53,265,483	54,980,391
	Current maturity of long term financing		(26,925,275)	(30,687,481)
			564,544,972	265,626,241

7.1 This term loan with UBL is for Rs.63.00 million for 5 years with a grace period of two years starting from August 31,2009 and repayable in quarterly installments of Rs.5.25m each. This is secured by equitable mortgage of Rs.575.396 million on fixed assets, and floating charge on current assets and personal guarantee of Directors. Mark-up is @ 3 months Kibor + 2.5 % per annum, payable quarterly. This loan is under litigation with UBL as disclosed in Contingences & Commitments note.

7.2 During the current year the company restructured all of its finances with Askari Bank Limited .The new term loan of Rs 379.130 m was created by transferring all the outstanding amounts except for running finance of Rs 25.467m, LTF-EOP 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 hypothecation charge of Rs. 310 million over plant and machinery, ranking charge of Rs 40 m over receivables 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 @ 6 months kibor + 4% mark-up payable quarterly. Total facility amount is Rs.45.00(M).Charge over fixed assets of the company is Rs. 67(M).

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

	June 30, 2010 RUPEES	June 30, 2009 RUPEES
Minimum lease payments		
Up to one year	72,213,003	52,401,110
More than one year but less than five years	18,485,103	83,166,389
	90,698,106	135,567,499
Less: Finance cost		
Up to one year	5,794,758	13,667,021
More than one year but less than five years	2,154,891	8,191,456
	7,949,649	21,858,477
Present value of minimum lease payments		
Up to one year	66,418,245	38,734,089
More than one year but less than five years	16,330,212	74,974,933
	82,748,457	113,709,022

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 15.2 % to 19.2 % (June 2009 13.66% to 20.18%) per annum.The above liabilities are additionally secured by security deposits and personal guarantee of Directors.

		June 30, 2010 RUPEES	June 30, 2009 RUPEES
9 DEFERRED LIABILITIES			
Staff retirement benefit-gratuity	9.1	3,534,537	2,931,817
Deferred tax	9.2	-	-
		3,534,537	2,931,817

9.1 Movement in the net liability recognized in the balance sheet

	June 30, 2010	June 30, 2009
(a) Opening net liability	2,931,817	4,216,949
Expense for the year	6,385,018	6,113,668
	9,316,835	10,330,617
Contribution paid	(5,782,298)	(7,398,800)
Closing net liability	3,534,537	2,931,817
(b) Expense recognized in the profit and loss account excluding actuarial loss		
Current service cost	1,014,989	823,434
Interest cost	309,418	257,007
	1,324,407	1,080,441

(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

	2010 RUPEES	2009 RUPEES	2008 RUPEES	2007 RUPEES	2006 RUPEES
Present value of the defined obligation	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.

			June 30, 2010 RUPEES	June 30, 2009 RUPEES
10	**TRADE AND OTHER PAYABLES**			
	Trade creditors		46,756,711	121,463,422
	Advance From Customers - Export		324,689,917	-
	Withholding tax payable		160,003	1,455,061
	Bills payable		165,545,177	438,575,536
	Accrued expenses		16,018,545	14,133,551
			553,170,353	575,627,570
11	**INTEREST / MARK-UP ACCRUED ON LOANS**			
	Long term financing		20,500,326	8,471,882
	Short term running finance		34,142,405	51,052,466
			54,642,731	59,524,348
12	**SHORT TERM BORROWINGS**			
	Secured-banking companies	12.1	669,752,731	961,586,030

12.1 The facilities for running finance available from various banks amounted to Rs. 858.16 (M) (June 2009:Rs 753.42 (M)) and carries mark-up ranging from 13.77% to 15.77% (June 2009:13.27% 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. Out of above borrowings Rs.294.325 (M) relates to overdue acceptance from UBL.

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

The company has filed a suit in High Court of Sindh and obtained Stay Order against settlement of cross currency swap contracts of Rs. 830.5(M). entered into by the company with a foreign bank. The company mainly contest on provision of unwinding cost calculation , mismatched dates of settlement with its long term loans repayments and other procedural non compliance of foreign bank. No provision of unwinding cost of cross currency swap contract of Rs 293.35 m has been made in the financial statements as management strongly believes that the case would be decided in company's favor. Till the finalization of the financial statements no significant development has taken place during the hearing of the case.

13.2 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 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.

13.3 (a) United Bank Limited filed recovery suit in the high court of Sindh for Rs. 577,242,034 for the loan balances of banking facilities remaining unpaid. The company is defending the case in the high court. No provision of the disputed markup and outstanding liability of disputed forward contract amounting to Rs. 58.462 million and Rs. 34.545 million respectively has been made in the account as the management believes that it can amicably settle the liability with the bank. Till the finalization of accounts, the management is in process of finalization of restructuring of its liabilities with UBL.

(b) United Bank Limited also filed recovery suit in the high court of Sindh for Rs. 53,324,025 for the outstanding liability of cross currency swap contract of Rs 250 m.No provision of disputed liability of cross currency contract of Rs 53,324,025 has been made in the financial statement as management believed that case would be decided in company's favor. Till the finalization of the financial statements no significant development has taken place during the hearing of the case.

13.4 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 as at the year end was Rs. 13.146 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.15.5 million.

		June 30, 2010 RUPEES	June 30, 2009 RUPEES
13.7	**Commitments**		
	Letter of credit - import of cotton	59,709,581	45,196,239

14 PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	COST / REVALUATION (RUPEES)					RATE %	DEPRECIATION (RUPEES)					W.D.V. AS AT 30-06-2010
	AS AT 30-06-2009	ADDITION	DELETION	TRANSFER	AS AT 30-06-2010		AS AT 01-07-2009	FOR THE YEAR	DELETION	TRANSFER	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**
								-	-			

14.1 Adjustment of leased machinery and Motor vehicles represent transfer to owned assets on completion of term of lease.

Depreciation has been allocated as under:	**June-2010 RUPEES**	**June-2009 RUPEES**
Manufacturing (Cost of Sales)	58,857,188	60,728,904
Administrative Expenses	1,393,074	2,814,256
	60,250,262	63,543,160

14.2 Had there been no revaluation the related figures of land and factory building at June 30, 2010 would have been as follows.

	Cost	**Book Value**
Lease hold land	383,000	383,000
Factory building on lease hold land	204,905,496	196,709,276
Plant & Machinery	524,764,813	493,278,925
As at 30th June 2010	730,053,309	690,371,201
As at 30th June 2009	1,132,717,323	652,408,246

14.3 DISPOSAL OF FIXED ASSETS BY COMPANY POLICY

Particulars	Original Cost	Accumulated Depreciation	Book Value	Sales Proceed	Mode of Sale	Purchaser
VEHICLES						
TOYOTA COROLLA 2.0 D AGM 377	999,000	720,750	278,250	292,163	Company Policy	MRS. GHAZALA WAQAR BUNGALOW NO. E-36, 4th GIZRI STREET, PHASE IV, D.H.A. KARACHI
TOYOTA COROLLA SA/T SALOON AGF	1,169,000	908,521	260,479	273,503	Company Policy	MR. MUHAMMAD WAQAR MONNOO BUNGALOW NO. E-36, 4th GIZRI STREET, PHASE IV, D.H.A. KARACHI
HONDA CIVIC VTI AEX 070	1,285,000	998,674	286,326	300,642	Company Policy	MR. SIRAJ SADIQ MONNOO BUNGALOW NO. E-36, 4th GIZRI STREET, PHASE IV, D.H.A. KARACHI
HONDA CIVIC VTI AEP 345	1,050,000	683,632	366,368	385,000	Negotiations	MRS. KISHWER HOUSE # 10/2 C-STREET, PHASE V KHAYABAN-E-HAFIZ, D.H.A. KARACHI
TOYOTA ESTIMA, CN 7000	2,500,000	1,476,000	1,024,000	1,075,000	Company Policy	MR. MUHAMMAD WAQAR MONNOO BUNGALOW NO. E-36, 4th GIZRI STREET, PHASE IV, D.H.A. KARACHI
SUZUKI BOLAN VAN CN - 2793	396,000	274,664	121,336	80,000	Negotiations	MR. MIRZA NAJAM SHAH TAIMORI HOUSE # R-271/9, DASTAGIR SOCIETY, F.B. AREA, KARACHI
COROLLA 2.0 D AGQ - 889	999,000	631,624	367,376	400,000	Negotiations	MR. NIZAMUDDIN KALI GUL MUHAMMAD COLONY AIR PORT ROAD KARACHI
Total Rupees	8,398,000	5,693,865	2,704,135	2,806,308		

14.4 PROPERTY, PLANT AND EQUIPMENT

AS ON 30-06-2009

PARTICULARS	COST / REVALUATION					RATE %	DEPRECIATION					W.D.V. AS AT 30-6-2009
	AS AT 01-07-2008	ADDITION / (DELETION)	REVALUATION	TRANSFER IN/(OUT)	AS AT 30-6-2009		AS AT 01-07-2008	FOR THE YEAR	REVALUATION	TRANSFER IN/(OUT)	AS AT 30-6-2009	
OWNED												
Lease hold land	676,700,000	-	223,989,031	-	900,689,031	-	-	-	-	-	-	900,689,031
Factory building on lease hold land	404,383,193	28,150,477	45,997,642	-	386,536,028	4	87,358,996	13,187,803	96,939,590	-	3,607,209	382,928,819
Plant and machinery	886,110,963	33,431,472	355,605,635	7,886,392	571,823,192	6	381,826,217	32,016,983	405,121,430	2,085,184	10,806,954	561,016,238
Karachi:												
Office equipment	7,779,964	518,857	-	-	8,298,821	10	3,305,961	473,712	-	-	3,779,673	4,519,148
Factory equipment	1,668,447	584,949	-	-	2,253,396	10	865,787	127,819	-	-	993,606	1,259,790
Furniture and fixture	5,900,257	-	-	-	5,900,257	10	2,280,130	362,013	-		2,642,143	3,258,114
Motor vehicles	7,706,863	-	-	3,523,000	11,229,863	20	4,826,472	855,407	-	2,126,356	7,808,235	3,421,628
		-								-		
Arms and ammunition	36,500	-	-	-	36,500	10	29,548	695	-	-	30,243	6,257
Electrical and pipe fittings	48,341,176	2,051,874	-	-	50,393,050	10	23,049,297	2,529,188	-	-	25,578,485	24,814,565
	2,038,627,363	64,737,629	625,592,308	11,409,392	1,937,160,138		503,542,408	49,553,620	502,061,020	4,211,540	55,246,548	1,881,913,590
		-										
LEASED												
Plant and machinery	170,758,267	-	-	(7,886,392)	162,871,875	6	36,285,946	12,867,111	-	(2,085,184)	47,067,873	115,804,002
Motor vehicles	9,368,000			(3,523,000)	5,845,000	20	4,571,686	1,122,429	-	(2,126,356)	3,567,759	2,277,241
	180,126,267	-	-	(11,409,392)	168,716,875		40,857,631	13,989,540	-	(4,211,540)	50,635,631	118,081,244
		-								-		
TOTAL RUPEES - 2009	**2,218,753,630**	**64,737,629**	**625,592,308**	**-**	**2,105,877,013**		**544,400,039**	**63,543,160**	**502,061,020**	**-**	**105,882,179**	**1,999,994,834**
TOTAL RUPEES - 2008	**1,959,641,909**	**261,330,721**	**-**	**-**	**2,218,753,630**		**485,822,005**	**60,079,528**	**-**	**(1,501,494)**	**544,400,039**	**1,674,353,591**

	June 30, 2010 RUPEES	June 30, 2009 RUPEES
15 LONG TERM DEPOSITS		
Lease security deposits	6,149,700	19,130,100
K.E.S.C.	1,829,694	1,829,694
Other deposits	633,978	633,978
	8,613,372	21,593,772
16 LONG TERM INVESTMENT		
Long term investment in subsidiary-unquoted		
Olympia Power Generation (Pvt) Ltd		
9,000 ordinary shares of Rs. 10 each.		
Break-up value Rs.7,041.5 per share total Rs. 63,373,490		
(June, 2009 Rs. 6,280 per share total Rs. 56,520,000)	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.

	June 30, 2010	June 30, 2009
17 STORES, SPARE PARTS AND LOOSE TOOLS		
Stores and spares part	8,739,179	9,809,986
Packing material	5,773,887	3,681,564
	14,513,066	13,491,550
18 STOCK IN TRADE		
Raw material	104,039,343	372,970,778
Work in process	29,588,387	14,723,369
Finished goods	69,299,540	26,028,056
Waste	129,746	2,250,777
	203,057,017	415,972,980

There were no stock pledged with any bank at the balance sheet date

	June 30, 2010	June 30, 2009
19 TRADE DEBTS		
Export - secured - Considered good	71,951,216	59,291,817
Local - unsecured - Considered good	38,627,918	101,156,047
	110,579,134	160,447,864
20 OTHER FINANCIAL ASSETS		
Bank Term Deposits	74,000,000	8,300,000
	74,000,000	8,300,000

The above deposits had been held by banks as collateral security against L/C & Cross current swap contracts. These carry markup ranges from 9.5% to 11% p.a.

	June 30, 2010	June 30, 2009
21 LOANS AND ADVANCES		
Unsecured-considered good		
Advances		
To employees		
Staff	326,597	345,597
Workers	2,196,284	1,496,805
	2,522,882	1,842,403
To suppliers	61,839,939	63,126,410
To contractors	4,515,771	3,976,771
Short term deposits and Bank guarantee margins	35,692,745	17,475,353
Letter of Credit	58,854,746	544,533
Freight subsidy receivable	5,656,659	5,656,659
	169,082,742	92,622,128
22 Income tax and Sales tax		
Sales tax receivable	23,018,174	12,630,318
Income tax receivable		
Advance Income tax	48,199,283	14,160,980
Provision For Taxation	(39,599,588)	(12,407,429)
	8,599,695	1,753,551
	31,617,870	14,383,869

		June 30, 2010 RUPEES	June 30, 2009 RUPEES
23 OTHER RECEIVABLES			
Central excise duty receivable from banks		261,487	261,487
Others		4,828,983	4,140,419
		5,090,470	4,401,906
24 CASH AND BANK BALANCES			
Cash in hand		64,045	849,267
Cash at bank in current accounts		3,692,956	857,074
		3,757,001	1,706,341
25 SALES			
Local			
Yarn		678,017,861	1,041,925,057
Raw cotton		90,001,246	3,441,042
Waste		38,312,050	63,113,941
		806,331,157	1,108,480,040
Export			
Yarn		2,002,935,816	1,275,989,804
		2,002,935,816	1,275,989,804
		2,809,266,973	2,384,469,844
			-
Brokerage and commission		(63,824,491)	(31,482,793)
Regulatory Duty On Export		(15,891,212)	
		2,729,551,270	2,352,987,051
26 COST OF SALES			
Raw material consumed	26.1	2,129,025,280	1,978,835,848
Packing material consumed	26.2	51,298,822	45,687,158
Stores and spare parts consumed	26.3	30,515,714	24,180,032
Salaries, wages and benefits	26.4	147,556,197	142,968,310
Power and fuel		212,859,935	208,897,212
Doubling Charges		-	237,600
Vehicle running and maintenance		1,065,944	839,192
Traveling and conveyance		99,257	83,158
Repairs and maintenance		1,968,573	2,914,270
Insurance		5,134,372	6,722,205
Miscellaneous overheads		1,818,094	788,008
Depreciation	14.1	58,857,188	60,728,904
		2,640,199,375	2,472,881,897
Work in process			
Opening		14,723,369	18,395,164
Closing		(29,588,387)	(14,723,369)
		(14,865,019)	3,671,795
Cost of goods manufactured		2,625,334,357	2,476,553,692
Cotton Yarn purchase		6,083,000	67,674,300
Finished goods and waste			
Opening		28,278,833	53,578,421
Closing		(69,429,286)	(28,278,833)
		(41,150,453)	25,299,588
Cost of sales		2,590,266,903	2,569,527,580
26.1 RAW MATERIAL CONSUMED			
Opening stock		372,970,778	336,839,091
Purchases		1,860,093,845	2,014,967,535
		2,233,064,624	2,351,806,626
Closing stock		(104,039,343)	(372,970,778)
		2,129,025,280	1,978,835,848
26.2 PACKING MATERIAL CONSUMED			
Opening stock		3,681,564	4,353,093
Purchases		53,391,145	45,015,629
		57,072,709	49,368,722
Closing stock		(5,773,887)	(3,681,564)
		51,298,822	45,687,158

		June 30, 2010 RUPEES	June 30, 2009 RUPEES
26.3 STORES AND SPARES CONSUMED			
Opening stock		9,809,986	12,657,744
Purchases		29,444,906	21,332,275
		39,254,893	33,990,019
Closing stock		(8,739,179)	(9,809,986)
		30,515,714	24,180,032

26.4 It includes Rs. 1,324,407/- (June 2009: Rs. 1,080,441/-) in respect of staff retirement benefits.

		June 30, 2010 RUPEES	June 30, 2009 RUPEES
27 DISTRIBUTION COST			
Freight and cartage		36,408,846	48,258,653
Export Development Surcharge		3,714,233	3,063,258
		40,123,079	51,321,911
28 ADMINISTRATIVE AND SELLING EXPENSES			
Salaries and other benefits	28.1	17,366,222	16,724,306
Rent, rates and taxes		4,722,442	4,725,781
Electric gas and water		1,205,148	1,027,417
Postage, telephone and telex		1,093,119	1,289,166
Printing and stationery		676,224	553,540
Traveling and conveyance		227,429	180,489
Legal and professional		9,899,106	1,924,226
Newspapers and periodicals		10,186	10,838
Repairs and maintenance		518,760	748,816
Charity and donation	28.2	10,000	50,000
Advertisement and publicity		21,956	62,013
Motor vehicle expenses		1,388,479	1,078,364
Entertainment		785,972	882,548
Packing Charges		-	3,970
Auditor's remuneration:			
Audit fee		500,000	346,250
Half yearly review fee		90,750	75,000
		590,750	421,250
Miscellaneous		228,498	597,521
Insurance Expense		505,001	522,113
Depreciation	14.1	1,393,074	2,814,256
		40,642,366	33,616,614

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 telephone at their residences.

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

	June 30, 2010 RUPEES	June 30, 2009 RUPEES
29 OTHER OPERATING INCOME		
Income From Financial Assets		
Return on Bank Term Deposits	1,055,623	788,504
Income From Non-Financial Assets		
Gain on disposal of fixed assets	102,173	-
Others		
Scrap Sales	2,573,686	3,062,500
Other receipts	218,444	345,485
	3,949,927	4,196,489

		June 30, 2010 RUPEES	June 30, 2009 RUPEES
30 FINANCE COST			
Interest/mark-up on			
Long term loans		33,428,513	34,365,156
Bank running finance		52,180,153	89,985,587
Finance charges on lease		14,587,812	18,098,366
		100,196,478	142,449,109
Markup Others		20,027,032	18,105,222
LC discounting and Bank charges		16,468,584	12,378,114
		136,692,094	172,932,445
31 TAXATION			
Current	31.1	27,192,159	12,407,429
Prior		-	1,686,169
		27,192,159	14,093,598

31.1 Current

The provision for taxation has been made in these financial statement on the basis of section 169 of the income tax ordinance,2001

32 EARNINGS PER SHARE - BASIC & DILUTED

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

	June 30, 2010	June 30, 2009
Loss for the year in rupees	(101,415,404)	(484,308,608)
Total number of ordinary shares	12,000,000	12,000,000
Earnings per share in rupees- Basic and diluted	(8.45)	(40.36)

33 CASH GENERATED FROM OPERATIONS

	June 30, 2010	June 30, 2009
Loss before taxation	(74,223,245)	(470,215,010)
Adjustment for non cash charges and other items		
Depreciation	60,250,262	63,543,160
Finance cost	136,692,094	172,932,445
(Gain)/Loss on disposal of fixed assets	(102,173)	-
Provision for gratuity	1,324,407	1,080,441
	198,164,589	237,556,046
Operating profit / (loss) before working capital changes	123,941,344	(232,658,964)
(Increase)/decrease in current assets		
Stock, Store & spare parts	211,894,447	(3,641,017)
Trade debts	49,868,729	(27,075,293)
Short Term Investments	(65,700,000)	-
Loans and advances	(76,460,613)	(16,071,656)
Refund due from Government	(10,387,856)	-
Other receivables	(688,564)	(2,416,431)
	108,526,143	(49,204,397)
Increase/(decrease) in current liabilities		
Trade and other payables	(22,457,211)	166,321,781
	210,010,277	(115,541,580)

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	201,816,751	197,506,166

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 STATE FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

35.1 Credit risk
35.2 Liquidity risk
35.3 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.

35.1 Credit risk

35.1.1 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. 455.56 million (June 30, 2009 : Rs. 348.12 million), financial assets which are subject to credit risk aggregate to Rs. 415.724 million (June 30, 2009 : Rs. 332.888 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.

	2010 Rupees	2009 Rupees
Long term Investments	44,665,822	44,665,822
Long term deposits	8,613,372	21,593,772
Trade debts	110,579,134	160,447,864
Loans and advances	169,082,742	92,622,128
Trade deposits and short term prepayments	74,000,000	8,300,000
other Receivables	5,090,470	4,401,906
Bank balances	3,692,956	857,074
	415,724,496	332,888,566

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

	2010 Rupees	2009 Rupees
Domestic	38,627,918	101,156,047
Export	71,951,216	59,291,817
	110,579,134	160,447,864

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

	2010 Rupees	2009 Rupees
Yarn	42,125,399	154,113,848
Waste	9,178,329	512,232
Raw Cotton	59,275,406	5,821,784
	110,579,134	160,447,864

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

	2010	2009
	Rupees	
Not past due	110,579,134	160,447,864
Past due 0 - 30 days	-	-
Past due 31 - 90 days	-	-
Past due 90 days - 1 year	-	-
More than one year	-	-
	110,579,134	160,447,864
Impairment	-	-
	110,579,134	160,447,864

35.2 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.

	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	90,698,106	37,407,420	27,881,951	25,408,735	-
Trade and other payables	553,170,353	553,170,353	553,170,353	-	-	-
Accrued mark up and interest	54,642,731	54,642,731	54,642,731	-	-	-
Short term borrowings	669,752,731	669,752,731	-	362,479,289	307,273,442	-
	1,951,784,519	1,959,734,168	656,375,517	459,396,985	496,991,277	346,970,389

	2009					
	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	241,333,331	241,333,331	4,826,667	7,240,000	72,399,999	156,866,665
Long term financing from	-	-	-	-	-	-
Finance lease	113,709,022	113,709,027	45,483,609	45,483,609	22,741,809	-
Trade and other payables	575,627,570	575,627,570	575,627,570	-	-	-
Accrued mark up / interest	59,524,348	59,524,348	59,524,348	-	-	-
Short term borrowings	961,586,030	961,586,030	-	529,010,449	432,575,581	-
	1,951,780,301	1,951,780,306	685,462,194	581,734,058	527,717,389	156,866,665

35.2.1 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.

35.3 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.

35.3.1 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 2010	864,279	71,951,216
Trade debts 2009	518,148	38,627,918

The following significant exchange rates applied during the year.

	Average rates		Reporting date rates	
	2010	**2009**	**2010**	**2009**
US Dollar to Rupee	83.25	74.55	85.40	81.10

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.

	2010 Rupees	2009 Rupees
US Dollar	(3,690,471)	(2,101,089)

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

35.3.2 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.

	2010 Rupees	2009 Rupees
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	-	-
Variable rate instruments		
Financial assets	74,000,000	8,300,000
Financial liabilities	1,290,705,952	1,316,628,383

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 2010	12,907,060	(12,907,060)
Cash flow sensitivity - variable rate instruments 2009	13,166,284	(13,166,284)

35.4 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.

	2010 Rupees	2009 Rupees
35.5 Off balance sheet items		
Bank guarantees issued in ordinary course of business	15,500,000	-
Letters of credit for raw material	59,709,581	45,196,239

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

36 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.

		2010	2009
Borrowings	Rupees	1,317,046,160	1,340,921,293
Total equity	Rupees	(445,390,336)	(348,943,468)
Total capital employed	Rupees	871,655,824	991,977,824
Gearing ratio	Percentage	151.10	135.18

37 PLANT CAPACITY AND PRODUCTION:

	2010	2009
Total number of spindles installed	44,484	44,484
Average No. of spindles worked	44,004	44,004
Number of shifts	3	3
Actual production of the period in kgs		
after conversion into 20/1 count	12,187,568	14,253,918
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.

38 General

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

Reclassification From	Reclassification From	Amount
Loan and Advances	**Other financial assets**	
Short term Deposit	Bank Term Deposit	8,300,000
Advance Income Tax	Income tax and Sales tax	14,160,980
Other Receivables		
Sales Tax Receivable	Income tax and Sales tax	12,630,318
Provision For Taxation	Income tax and Sales tax	12,407,429

39 DATE OF AUTHORISATION FOR ISSUE

The Board of directors of the company authorized these financial statements for issue on 07 October,2010

CHIEF EXECUTIVE **DIRECTOR**

Karachi: 07 October, 2010

DIRECTORS REPORT ON CONSOLDATED FINANCIAL STATEMENTS

The Directors have pleasure in presenting their Annual Consolidated Report along with audited accounts of the Group for year ended June 30, 2010 for your consideration and approval. The Olympia Group comprises financial statement of Olympia Spinning & Weaving Mills Limited and Olympia Power Generation (Pvt) Limited.

The Directors report on the performance of Olympia Spinning & Weaving for the year ended 30 June, 2010 has been presented separately.

GROUP RSULTS

The operating results of the period under review has resulted in net loss before taxation of Rs.62,513,336/- with net sales of Rs.2,729,551,270/-

	For Year ended June 30, 2010 Rupees	**For Year ended June 30, 2009 Rupees**
Gross Sales	2,729,551,270	2,352,987,051
Gross Profit/(loss)	62,513,336)	(184,678,190)
Profit/(loss) from Operation	79,302,675	(272,445,450)
EPS	(7.14)	(38.91)

OLYMPIA POWER GENERATION (PVT) LIMITED

Olympia Power Generation (Pvt) Limited, groups subsidiary earns good profit of Rs 11.709 million with sales of Rs 201.816 million and remain successful in achieving its target. The company is expecting continued inflationary pressure during the next year & plans to cope with it by considering alternative source of revenue and internal cost savings.

ACKNOWLEDGEMENT:

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

For and on behalf of the Board

Karachi: 7th October, 2010

M.WAQAR MONNOO
(Chief Executive/Director)

MUSHTAQ & CO.
CHARTERED ACCOUNTANTS

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Karachi-74200,
Pakistan

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AUDITORS' REPORT TO THE MEMBERS

We have examined the annexed consolidated financial statements comprising consolidated balance sheet of **Olympia Spinning & Weaving Mills Limited** (the holding company) and its subsidiary company Olympia Power Generation (Pvt) Limited as at June 30, 2010 consolidated profit and loss account, the consolidated cash flow statement, consolidated statement of comprehensive income and the consolidated statement of changes in equity together with the notes forming part thereof, for the year ended June 30, 2010. We have also expressed a separate opinion on the financial statements of Olympia Spinning Mills Limited and its subsidiary company. These financial statements are the responsibility of the holding company's management. Our responsibility is to express an opinion on these financial statements based on our examination.

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

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

(b) Bank Al-Falah Ltd had filed recovery suits in the high court of Sindh and in banking court for Rs. 197,675,768 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 markup amounting to Rs. 12.111 million in the account. No confirmation was received from the Bank. Confirmation was sent. Had the company accounted for the markup, the loss would have increased by Rs. 12.111 million.

(c) United Bank Limited filed recovery suit in the high court of Sindh for Rs. 577,242,034 for the loan balances of banking facilities remaining unpaid. The company is defending the case in the high court. No provision of the disputed markup and outstanding liability of disputed forward contract losses amounting to Rs. 58.462 million and Rs. 34.545 million respectively has been made in the account. Had the company accounted for the markup and forward contract losses, the loss would have increased by Rs. 93.087 million.

(d) United Bank Limited also filed recovery suit in the high court of Sindh for Rs. 53,324,025 for the outstanding liability against cross currency swap contract of Rs 250 m. No provision of liability of disputed cross currency contract of Rs 53,324,025 has been made in the financial statements. Had the company accounted for this liability the loss of the company would have increased by Rs. 53.324 million.

(e) We draw attention that the accumulated loss of the company stands at Rs. 590.886 million. The current liabilities exceed current assets by 764.964 million. The going concern assumption is based on the financial support/ commitment by the sponsors/directors as mentioned in note 1.3.

Except for the effect of paragraph (a), (b), (c), (d) and (e), in our opinion the consolidated financial statements give true and fair view of the financial position of the company and its subsidiary as at 30 June 2010 and the result of its operation for the year then ended.

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

KARACHI:
Date__________________

OLYMPIA SPINNING AND WEAVING MILLS LIMITED
CONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2010

EQUITY AND LIABILITIES	**NOTE**	**JUNE 30, 2010**	**JUNE 30, 2009**
		RUPEES	**RUPEES**
SHARE CAPITAL AND RESERVES			
Authorized capital			
13,000,000 Ordinary shares of Rs.10 each.		130,000,000	130,000,000
Issued, subscribed and paid up capital	4	120,000,000	120,000,000
Reserves	5	(542,640,173)	(457,089,132)
		(422,640,173)	(337,089,132)
Non-Controlling Interest	6	42,248,994	37,680,106
Surplus on revaluation of property,plant and equipment	7	1,106,802,878	1,116,832,025
NON CURRENT LIABILITIES			
Long term financing	8	584,665,404	306,788,524
Liabilities against assets subject to finance lease	9	16,330,212	74,974,933
Deferred liabilities	10	3,855,661	3,325,531
CURRENT LIABILITIES			
Trade and other payables	11	549,648,551	571,570,654
Interest / mark-up accrued on loans	12	54,642,731	59,524,348
Short-term borrowings	13	669,812,943	962,296,351
Current portion of			
- long term financing		47,967,127	42,131,733
- liabilities against asset subject to finance lease		66,768,245	39,740,391
CONTINGENCIES AND COMMITMENTS	14		
		2,720,102,573	2,877,775,464
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	15	2,087,613,691	2,141,882,028
Long term deposits	16	8,613,372	21,593,772
CURRENT ASSETS			
Stores, spare parts and loose tools	17	20,224,182	13,835,953
Stock in trade	18	203,057,017	415,972,980
Trade debts - considered good	19	110,579,134	160,447,864
Other financial assets	20	74,000,000	8,300,000
Loans and advances	21	170,162,488	93,784,817
Sales tax and Income tax	22	36,831,028	15,370,261
Other receivables	23	5,090,470	4,410,538
Cash and bank balances	24	3,931,191	2,177,251
		623,875,510	714,299,664
		2,720,102,573	2,877,775,464

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE **DIRECTOR**

Karachi: 07 October , 2010

OLYMPIA SPINNING & WEAVING MILLS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2010

	NOTE	For the year ended June 30, 2010 RUPEES	For the year ended June 30, 2009 RUPEES
Sales (net)	25	2,729,551,270	2,352,987,051
Cost of sales	26	(2,567,152,662)	(2,537,665,241)
Gross profit / (loss)		162,398,608	(184,678,190)
Distribution cost	27	(40,123,079)	(51,321,911)
Administrative expenses	28	(46,306,470)	(39,728,330)
Other operating income	29	3,333,616	3,282,981
		(83,095,933)	(87,767,260)
Operating profit / (loss)		79,302,675	(272,445,450)
Finance cost	30	(141,816,011)	(180,412,900)
Net loss before taxation		(62,513,336)	(452,858,350)
Taxation	31	(23,149,663)	(14,093,598)
Net loss for the year after taxation		(85,662,999)	(466,951,948)
Attributable to:			
Equityholders of the parent		(90,346,963)	(473,894,612)
Non-controlling interest		4,683,964	6,942,665
		(85,662,999)	(466,951,947)
Earning per share - Basic and diluted	32	(7.14)	(38.91)

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE **DIRECTOR**

Karachi: 07 October, 2010

OLYMPIA SPINNING & WEAVING MILLS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2010

	June-2010 RUPEES	June-2009 RUPEES
Loss for the year after taxation	(90,346,963)	(473,894,612)
Other Comprehensive Income:		
Actuarial (loss) recognised	(5,233,225)	(5,067,342)
Total comprehensive loss for the year	**(95,580,188)**	**(478,961,954)**

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

CHIEF EXECUTIVE **DIRECTOR**

Karachi: 07 October, 2010

OLYMPIA SPINNING & WEAVING MILLS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2010

	PAID UP CAPITAL	REVENUE RESERVE	CAPITAL RESERVE	UN-APPROPRIATED LOSS	TOTAL	NON-CONTROLLING INTEREST	TOTAL
	RUPEES						
Balance as at 30-06-2008	120,000,000	3,580,053	44,665,822	(32,922,566)	135,323,309	30,760,185	166,083,494
Total comprehensive income for the Year ended June 30, 2009	-	-	-	(478,961,954)	(478,961,954)	6,919,921	(472,042,033)
Transfer from surplus on revaluation of property, plant & equipment on account of- incremental depreciation	-	-	-	6,549,513	6,549,513	-	6,549,513
Balance as at 30-06-2009	120,000,000	3,580,053	44,665,822	(505,335,007)	(337,089,132)	37,680,106	(299,409,026)
Total comprehensive income for the Year ended June 30, 2010	-	-		(95,580,188)	(95,580,188)	4,568,888	(91,011,300)
Transfer from surplus on revaluation of property, plant & equipment on account of- incremental depreciation	-	-	-	10,029,147	10,029,147	-	10,029,147
Balance as at 30-06-2010	120,000,000	3,580,053	44,665,822	(590,886,048)	(422,640,173)	42,248,994	(380,391,179)

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

CHIEF EXECUTIVE **DIRECTOR**

Karachi: 07 October, 2010

OLYMPIA SPINNING AND WEAVING MILLS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2010

	For year ended June30, 2010 RUPEES	For year ended June30, 2009 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES		
Cash generated from operations (Note: 33)	229,204,597	(70,975,980)
Taxes paid	(34,047,136)	(13,104,617)
Finance cost paid	(146,697,628)	(148,737,650)
Gratuity paid	(6,219,498)	(7,511,500)
Long term deposits	12,980,400	(98,000)
Net cash from operating activities	55,220,734	(240,427,747)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of property,plant and equipment, Motor Vehicles	2,806,308	-
Fixed capital expenditures	(15,885,101)	(71,354,862)
Capital work in progress	-	5,963,413
	(13,078,793)	(65,391,449)
CASH FLOW FORM FINANCING ACTIVITIES		
Long term finance	283,712,274	(92,414,413)
Short term borrowings	(292,483,408)	435,330,697
Repayment of lease liabilities	(31,616,866)	(37,540,595)
Net cash used in financing activities	(40,388,000)	305,375,689
Net increase in cash and cash equivalents	1,753,941	(443,507)
Cash and cash equivalents at the beginning of the year	2,177,251	2,620,758
Cash and cash equivalents at the end of the year.	3,931,191	2,177,251

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE **DIRECTOR**

Karachi: 07 October, 2010

OLYMPIA SPINNING AND WEAVING MILLS LIMITED

Notes to the Consolidated financial statements

For the year ended 30th June 2010

1 The Company and its Operations

1.1 THE COMPANY AND ITS OPERATIONS:

Olympia Spinning & Weaving Mills Limited (the parent company) was incorporated in Pakistan as a public limited company on October 28, 1960, and its shares are quoted on the Karachi Stock Exchange. The main business of the company is manufacturing and sale of yarn. Olympia Power Generation (Pvt) Limited (the subsidiary) was incorporated in Pakistan as a private limited company on August 30,1994.The Subsidiary is engaged in power generation and sale of electricity. The holding company holds 9,000 equity shares representing 60% shareholding by virtue of gift of shares by directors of subsidiary at free of cost on 9th February, 2008. The registered office of the company is situated at E-3 Farzana Building, 1st floor, Block 7 & 8, Shaheed-e-Millat Road Karachi.

1.2 United Bank Ltd and Bank Alfalah Ltd have filed separate suits in the high court of Sindh and in banking court for recovery of Rs. 577,242,034 and 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 cumulative loss of the company stands at Rs.590.886 million. The current liabilities exceed current assets by 764.964 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

¤ Revised IAS - 1 Presentation of Financial Statements (effective for annual periods beginning on or after 01 January 2009) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. The revised standard requires an entity to opt for presenting such transactions either in a single statement of comprehensive income or in an income statement and a separate statement of comprehensive income. There are no items for other comprehensive income, therefore no impact on the company financial statements.

¤ IAS 23 (Amendment), "Borrowing costs" requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing borrowing costs has been removed. Further, the definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in IAS 39 "financial Instrument: Recognition and measurement". There is no material impact on the company financial statements due to change in the interest calculation method.

- Amended IAS - 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 01 July 2009) requires accounting for changes in ownership interest by the group in a subsidiary, while maintaining control, to be recognized as an equity transactions. When the group losses controls of subsidiary, any interest retained in the former a subsidiary will be measured at fair value with the gain or loss recognized in the profit or loss.
- IAS - 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 01 January 2009). The amendment removes the definition of the cost methods from IAS - 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor.
- Amendments to IAS - 32 Financial Instruments : Presentation and IAS - 1 Presentation of Financial Statements (effective for annual period beginning on after 01 January 2009) - Puttable Financial Instruments and Obligations Arising on Liquidations requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The amendments, which requires retrospective application, but does not have any impact on the company's financial statements.
- Amendment to IAS - 39 Financial Instruments : Recognition and Measurement - Eligible hedged items (effective for annual periods beginning on or after 01 July 2009) clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. The amendment does not have an effect on the company's financial statements.
- Amendments to IAS - 39 and IFRIC - 9 Embedded derivatives (effective for annual periods beginning on or after 01 January 2009). Amendments require entities to assess whether they need to separate an embedded derivative from a hybrid (combined) financial instrument when financial assets are reclassified out of the fair value. The amendments does not have an effect on company's financial statements.
- Amendment to IFRS - 2 Share-based Payment - Vesting Conditions and Cancellations (effective for annual periods beginning on or after 01 January 2009) clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The application of this standard does not have any effect on the company's financial statements.
- Amendment to IFRS - 2 Share-based Payment - Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 01 January 2010). The amendments resolve diversity in practice regarding attribution of cash-settled share-based payment transactions and require an entity receiving goods or services in either an equity-settled or a cash-settled payment transactions to account for the transaction in its separate or individual financial statements. The application of this standard does not have any effect on the company's financial statements.
- Revised IFRS - 3 Business Combinations (applicable for annual periods beginning on or after 01 July 2009) broadens among other things the definition of business resulting in more acquisitions being treated as business combinations, contingent consideration to be measured at fair value, transaction costs other than share and debt issue costs to be expensed, any pre-existing interest in an acquiree to be measured at fair value, with the related gain or loss recognized in profit or loss and any non-controlling (minority) interest to be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of an acquire, on a transaction-by-transaction basis. The application of this standard does not have an effect on the company's financial statements.
- IFRS - 4 Insurance Contracts (effective for annual periods beginning on or after 01 January 2009). The IFRS makes limited improvements to accounting for insurance contracts until the Board completes the second phase of its project on insurance contracts. The standard also requires that an entity issuing insurance contracts (an insurer) to disclose information about those contracts. The standard is not applicable to the company's operations.
- Amendment to IFRS - 7 Improving disclosures about Financial Instruments (effective for annual periods beginning on or after 01 January 2009). These amendments have been made to bring the disclosure requirements of IFRS - 7 more closely in line with US standards. The amendments introduce a three-level hierarchy for fair value measurement disclosures and require entities to provide additional disclosures about the relative reliability of fair value measurements.
- IFRS - 8 Operating Segments (effective for annual periods beginning on or after 01 January 2009) introduces the "management approach" to segment reporting. IFRS - 8 requires a change in the presentation and disclosure of segment information based on the internal reports that a regularly reviewed by the company's "chief operating decision maker" in order to asses each segment's performance and to allocate resources to them. The company determines and presents operating segments based on the information that internally provided to CEO, who is the company chief operating decision maker.
- IFRIC - 15 Agreement for the Construction of Real Estate (effective for annual periods beginning on or after 01 October 2009) clarifies the recognition of revenue by real estate developers for sale of units, such as apartments or houses, 'off-plan', that is, before construction is complete. The IFRIC is not relevant to the company's operations.

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

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

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

- IFRS 2 (Amendments), "Group cash settled and share based payment transactions", is effective for the accounting period beginning on or after January 1, 2010. In addition to incorporating IFRIC 8, "Scope of IFRS 2" and IFIRC 11, IFRS 2 - "Group and treasury share transactions", the amendments expand on the guidance in IFRC 11 to address the classification of group arrangements that were not covered by that interpretation. The new guidance is not expected to have a material impact on the company's financial statements.
- IFRS 8 (Amendment), "Disclosure of information about segment assets" (effective for the accounting period beginning on or after January 1, 2010). This amendment clarifies that an entity is required to disclose a measure of segment assets only if that measure is regularly reported to the chief operating decision maker. The new guidance is not expected to have material impact on the company's financial statements.

3 Summary of Significant Accounting Policies

3.1 Principles of Consolidation

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

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

Non Controlling Interest

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

3.2 Defined benefit plan

The company operates an unfunded gratuity plan for all of its permanent employees, who attain the minimum qualification period for entitlement to gratuity. Provision is made on the basis of actuarial valuation. The most recent actuarial valuation was carried out effective from June 30, 2009 using the Projected Unit Credit Method.

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

3.3 Taxation

Current

Parent

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

Subsidiary

No provision for current or deferred tax is required, as the company's income is exempt from tax under Clause 132 (a) of the Second Schedule (Part - 1) of the Income Tax Ordinance, 2001, and by virtue of SRO 411 (1) dated 23 May 1995. The company is also not liable to minimum tax at the rate of 0.5% of the turnover under Section 113 of the above Ordinance.

Deferred

Deferred tax is provided in full using the balance sheet liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

The carrying amount of all deferred tax assets are reviewed at each balance sheet date and reduced to the extent, if it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

3.4 Trade and other payables

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

3.5 Provisions

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

3.6 Property, plant and equipment

a) Owned

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

Depreciation on additions during year is charged on pro-rata basis when the assets is aquired 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 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.

3.7 Stores, spares and loose tools

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

3.8 Stock in trade

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

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

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

3.9 Trade debts

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

3.10 Cash and cash equivalents

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 equivalents are short-term highly liquid instrument that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in values.

3.11 Financial instruments

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

3.12 Offsetting of financial assets and liabilities

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

3.13 Revenue recognition

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

3.14 Derivative Financial Instruments

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

3.15 Borrowing cost

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

3.16 Dividend and appropriation to reserves

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

		June 30, 2010 RUPEES	June 30, 2009 RUPEES
4	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**		
	2200000 Ordinary shares of Rs. 10 each alloted for consideration paid in cash	22,000,000	22,000,000
	200,000 Ordinary shares of Rs.10 each alloted as bonus shares	2,000,000	2,000,000
	9.600,000 Ordinary shares of Rs. 10 each issued as right shares	96,000,000	96,000,000
		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	(590,886,048)	(505,335,007)
		(542,640,173)	(457,089,132)
6	**NON-CONTROLLNG INTEREST**		
	Share Capital	60,000	60,000
	General Reserves	4,000,000	4,000,000
	Accumulated Profit	38,188,994	33,620,106
		42,248,994	37,680,106
7	**SURPLUS ON REVALUATION OF FIXED ASSETS**		
	Balance as at July 01, 2009	1,116,832,025	798,934,764
	Add: surplus on revaluation of land	-	223,989,031
	Add: surplus on revaluation of factory building	-	50,941,948
	Add: surplus on revaluation of plant & machinery	-	49,515,795
		1,116,832,025	1,123,381,538
	Less:		
	transfer to equity in statement of comprehensive income on account of incremental depreciation for the year.	10,029,146.83	6,549,513
		10,029,147	6,549,513
	Balance as at June 30, 2010	1,106,802,878	1,116,832,025

7.1 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 valuer Messer Consultancy Support & Service Management Consultants . The company revalued its leasehold land in 2008 & in 2005 by Messer Imran Associate & Messer Consultancy Support & Service Management Consultants respectively which resulted in net surplus of 252.122(M) & 151.635(M) respectively. The company has further revalued its factory building in the year 2006 by Consultancy Support & Services, Management Consultants, which resulted increase in net surplus of Rs. 122.681 (M).

			Consolidated	
8	**LONG TERM FINANCING**			
	From banking companies - secured			
	Loan 1. UBL TFL	8.1	63,000,000	63,000,000
	Loan 2 . Askari Bank Ltd.	8.2	370,566,839	128,333,332
	Loan 3 . Askari Bank Ltd. Swapped TF	8.2(a)	4,166,665	4,999,999
	Loan 4 . Askari Bank Ltd. (Frozen Markup)	8.2(b)	55,471,260	-
	Loan 5. My Bank Ltd.	8.3	45,000,000	45,000,000
	Loan 6. Bank Alfalah Ltd.	8.4	39,848,532	51,292,783
			578,053,296	292,626,114
	From related party - unsecured			
	Directors loan- Sub-ordinated	8.5	54,579,235	56,294,143
			54,579,235	56,294,143
	Current maturity of long term financing		(47,967,127)	(42,131,733)
			584,665,404	306,788,524

8.1 This term loan with UBL is for Rs.63.00 million for 5 years with a grace period of two years starting from August 31,2009 and repayable in quarterly installments of Rs.5.25m each. This is secured by equitable mortgage of Rs.575.396 million on fixed assets, and floating charge on current assets and personal guarantee of Directors. Mark-up is @ 3 months Kibor + 2.5 % per annum, payable quarterly. This loan is under litigation with UBL as disclose in Contingences & Commitment note.

8.2 During the current year the company restructured all of its finances with Askari Bank Limited .The new term loan Rs 379.130 m was created by transferring all the outstanding amounts except for running finance of Rs 25.467m, LTF-EOP 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 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 receivables and personal guarantee of three directors. Mark-up is chargeable @ 3 months Kibor + 1% bps payable quarterly.

8.2 (a) This restructed LTF-EOP loan with Askari Bank Limited for Rs. 5 million is for three years and secured by same securities as disclosed in Note 8.2. 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.

8.2 (b) This loan is part of Askari Bank Limited restructed 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 8.2

8.3 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 @ 6 months kibor + 4% mark-up payable quarterly. Total facility amount is Rs.45.00(M).Charge over fixed assets of the company is Rs. 67(M).

8.4 This represents debt swap arrangements for converting lease finance of Rs. 100 million into Long term fiancing (LTF-EOP) of Rs. 73.20 million under SBP's LTF-EOP Scheme and remaining portion into Term Finance facility of Rs 26.78 million .The Long term finance carries markup at the rate of SBP portion of markup + 3% and is payable in six half yearly installments.The loan is secured by cross corporate gurantee issued by Bank Al - Falah Ltd on behalf of Olympia Spinning and Weaving Mills Ltd amounting to Rs. 147,264,117.

The Term finance facility carries markup at the rate of six month average KIBOR + 2.75%. Both these facilities are secured by 10% margin, first hypothecation charges over generators financed by the bank for Rs.135 (m) and personal guarantees of directors of the company.

8.5 The Directors loan is unsecured and interest free and is not repayable in the next twelve months. This loan has been Sub- ordinated to bank loan.

9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	June 30, 2010 RUPEES	June 30, 2009 RUPEES
Minimum lease payments		
Up to one year	72,563,003	53,459,454
More than one year but less than five years	18,485,103	83,166,389
	91,048,106	136,625,843
Less: Finance cost		
Up to one year	5,794,758	13,719,063
More than one year but less than five years	2,154,891	8,191,456
	7,949,649	21,910,519
Present value of minimum lease payments		
Up to one year	66,768,245	39,740,391
More than one year but less than five years	16,330,212	74,974,933
	83,098,457	114,715,324

9.1 The company has entered into lease agreements with various leasing companies. The lease agreement contains bargain purchase option. Taxes, repairs and maintenance, insurance and other costs relating to the leased assets are to be borne by the company. The rate of finance charges applied vary from 15.2 % to 19.2 % (June 2009 13.66% to 20.18%) per annum.The above liabilities are additionally secured by security deposits and personal guarantee of Directors.

		June 30, 2010 RUPEES	June 30, 2009 RUPEES
10 DEFERRED LIABILITIES			
Staff retirement benefit-gratuity	10.1	3,855,661	3,325,531
Deferred tax	10.2	-	-
		3,855,661	3,325,531

10.1 Movement in the net liability recognized in the balance sheet

(a) Opening net liability	3,325,531	4,663,819
Expense for the year	6,749,628	6,173,212
	10,075,159	10,837,031
Contribution paid	(6,219,498)	(7,511,500)
Closing net liability	3,855,661	3,325,531

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

Current service cost	1,057,721	898,240
Interest cost	343,607	298,604
	1,401,328	1,196,844

(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	**2010**	**2009**	**2008**	**2007**	**2006**
	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES
Present value of the defined obligation	3,855,661	3,325,531	4,663,819	3,523,054	3,258,442

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

			June 30, 2010 RUPEES	**June 30, 2009 RUPEES**
11	**TRADE AND OTHER PAYABLES**			
	Trade creditors		39,664,834	114,617,675
	Advance From Customers - Export		324,689,917	-
	Withholding tax payable		205,694	1,515,090
	Bills payable		165,545,177	438,575,536
	Workers profit participation fund		2,974,377	2,115,830
	Accrued expenses		16,568,553	14,746,523
			549,648,551	571,570,654
12	**INTEREST / MARK-UP ACCRUED ON LOANS**			
	Long term financing		20,500,326	8,471,882
	Short term running finance		34,142,405	51,052,466
			54,642,731	59,524,348
13	**SHORT TERM BORROWINGS**			
	Secured-banking companies	13.1	669,812,943	962,296,351

13.1 The facilities for running finance available from various banks amounted to Rs. 858.16 (M) (June 2009:Rs 753.42 (M)) and carries mark-up ranging from 13.77% to 15.77% (June 2009:13.27% 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. Out of above borrowings Rs.294.325 (M) relates to overdue acceptance from UBL.

13.2 Cash Finance balance with Bank Al-Falah amounts to Rs. 104,162,283.

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

The company has filed a suit in High Court of Sindh and obtained Stay Order against settlement of cross currency swap contracts of Rs. 830(M). entered into by the company with a foreign bank. The company mainly contest on provision of unwinding cost calculation , mismatched dates of settlement with its long term loans repayments and other procedural non compliance of foreign bank. No provision of unwinding cost of cross currency swap contract of Rs 293.35 m has been made in the financial statements as management strongly believes that the case would be decided in company's favor. Till the finalization of the financial statements no significant development has taken place during the hearing of the case.

14.2 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 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.

14.3 (a) United Bank Limited filed recovery suit in the high court of Sindh for Rs. 577,242,034 for the loan balances of banking facilities remaining unpaid. The company is defending the case in the high court. No provision of the disputed markup and outstanding liability of disputed forward contract amounting to Rs. 58.462 million and Rs. 34.545 million respectively has been made in the account as the management believes that it can amicably settles the liability with the bank. Till the finalization of accounts, the management is in process of finalization of restructuring of its liabilities with UBL.

(b) United Bank Limited also filed recovery suit in the high court of Sindh for Rs. 53,324,025 for the outstanding liability of cross currency swap contract of Rs 250 m.No provision of unwinding cost of disputed cross currency contract of Rs 53,324,025 has been made in the financial statement as management believed that case would be decided in company's favor.Till the finalization of the financial statements no significant development has taken place during the hearing of the case.

14.4 Cross corporate Guarantee issue in favour of subsidiary company amounting to Rs. 147,264,177

14.5 Guarantee issued to ETO by bank on behalf of the company amounting to Rs.15.5 million.

14.6 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 as at the year end was Rs. 13.146 million.

14.7 The company along with other captive power companies filed a suit against Sui Southern Gas Company that they should be treated as Independent Power Producers (IPPs) and not Captive Power Companies and should be charged to Rates of IPPs as declared by OGRA. Accordingly High Court of Sindh granted stay order to the company & SSGC is charging IPP rates in gas bills from August 2008. The Company did not recognized the amount of Rs. 53.137 m being the rate difference between the IPPs and CPCs as the management firmly believe that the case will be decided in companies favour.

14.8 Guarantee issued in favor of Sui Southern Gas Co. Ltd, Karachi for Rs.32.500 million (2009: Rs.32.500 Million)

		June 30, 2010 RUPEES	June 30, 2009 RUPEES
14.9	**Committments**		
	Letter of credit - import of cotton	59,709,581	45,196,239

15 PROPERTY, PLANT AND EQUIPMENT

AS ON 30-06-2010

PARTICULARS	COST / REVALUATION (RUPEES) AS AT 30-06-2009	ADDITION	DELETION	TRANSFER	AS AT 30-06-2010	RATE %	DEPRECIATION (RUPEES) AS AT 30-06-2009	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	754,589,783	15,502,061	-	13,053,910	783,145,754	6%	58,371,201	41,330,823	-	3,705,627	103,407,651	679,738,103
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	2,523,477	7,500	-	-	2,530,977	10%	1,166,726	136,300	-	-	1,303,026	1,227,951
FURNITURE & FIXTURE	6,011,752	77,700	-	-	6,089,452	10%	2,682,235	339,151	-	-	3,021,386	3,068,066
MOTOR VEHICLE	11,589,863	-	(8,398,000)	2,500,000	5,691,863	20%	8,137,312	350,556	5,693,865	1,476,000	4,270,003	1,421,860
ARMS & AMMUNITION.	36,500	-	-	-	36,500	10%	30,243	626	-	-	30,869	5,631
ELECTRIC & PIPE FITTING	53,145,581	-	-	-	53,145,581	10%	27,020,189	2,612,540	-	-	29,632,729	23,512,853
	2,123,420,836	15,885,101	(8,398,000)	15,553,910	2,146,461,847		104,794,788	60,552,567	5,693,865	5,181,627	164,835,118	1,981,626,729
LEASED:												
PLANT & MACHINERY	168,929,149	-	-	(13,053,910)	155,875,239	6%	47,950,417	6,646,080	-	(3,705,627)	50,890,870	104,984,369
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
	174,774,149	-	-	(15,553,910)	159,220,239		51,518,176	6,896,728	-	(5,181,627)	53,233,277	105,986,962
TOTAL RUPEES June. - 2010	**2,298,194,985**	**15,885,101**	**(8,398,000)**	**-**	**2,305,682,086**		**156,312,964**	**67,449,296**	**5,693,865**	**-**	**218,068,395**	**2,087,613,691**
TOTAL RUPEES June. - 2009	**2,404,454,375**	**71,354,862**	**625,592,308**	**-**	**2,298,194,991**		**587,162,605**	**71,211,378**	**502,061,020**	**-**	**156,312,963**	**2,141,882,028**
								-	-			

15.1 Adjustment of leased machinery and Motor vehicles represent transfer to owned assets on completion of term of lease.

Depreciation has been allocated as under:	**June-2010 RUPEES**	**June-2009 RUPEES**
Manufacturig (Cost of Sales)	66,042,896	60,728,904
Administrative Expenses	1,406,400	2,814,256
	67,449,296	63,543,160

15.2 Had there been no revaluation the related figures of land and factory building at June 30, 2010 would have been as follows.

	Cost	**Book Value**
Lease hold land	383,000	383,000
Factory building on lease hold land	204,905,496	196,709,276
Plant & Machinery	525,935,240	494,379,126
As at 30th June 2010	731,223,736	691,471,402
As at 30th June 2009	1,132,717,323	652,408,246

15.3 DISPOSAL OF FIXED ASSETS BY COMPANY POLICY

Particulars	Original Cost	Accumulated Depreciation	Book Value	Sales Proceed	Mode of Sale	Purchaser
VEHICLES						
TOYOTA COROLLA 2.0 D AGM 377	999,000	720,750	278,250	292,163	Company Policy	MRS. GHAZALA WAQAR BUNGALOW NO. E-36, 4th GIZRI STREET, PHASE IV, D.H.A. KARACHI
TOYOTA COROLLA SA/T SALOON AFG	1,169,000	908,521	260,479	273,503	Company Policy	MR. MUHAMMAD WAQAR MONNOO BUNGALOW NO. E-36, 4th GIZRI STREET, PHASE IV, D.H.A. KARACHI
HONDA CIVIC VTI AEX 070	1,285,000	998,674	286,326	300,642	Company Policy	MR. SIRAJ SADIQ MONNOO BUNGALOW NO. E-36, 4th GIZRI STREET, PHASE IV, D.H.A. KARACHI
HONDA CIVIC VTI AEP 345	1,050,000	683,632	366,368	385,000	Negotiations	MRS. KISHWER HOUSE # 10/2 C-STREET, PHASE V KHAYABAN-E-HAFIZ, D.H.A. KARACHI
TOYOTA ESTIMA, CN 7000	2,500,000	1,476,000	1,024,000	1,075,000	Company Policy	MR. MUHAMMAD WAQAR MONNOO BUNGALOW NO. E-36, 4th GIZRI STREET, PHASE IV, D.H.A. KARACHI
SUZUKI BOLAN VNN CN-2793	396,000	274,664	121,336	80,000	Negotiations	MR. MIRZA NAJAM SHAH TAIMORI HOUSE # R-271/9, DASTAGIR SOCIETY, F.B. AREA, KARACHI
COROLLA 2.0 D AGQ-889	999,000	631,624	367,376	400,000	Negotiations	MR. NIZAMUDDIN KALI GUL MUHAMMAD COLONY AIR PORT ROAD KARACHI
Total Rupees	8,398,000	5,693,865	2,704,135	2,806,308		

15.4 PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	COST / REVALUATION					RATE %	DEPRECIATION					W.D.V.
	AS AT 30-06-2008	ADDITION / (DELETION)	REVALUATION	TRANSFER IN/(OUT)	AS AT 30-6-2009		AS AT 30-06-2008	FOR THE YEAR	REVALUATION	TRANSFER IN/(OUT)	AS AT 30-6-2009	AS AT 30-6-2009
OWNED												
Lease hold land	676,700,000	-	223,989,031	-	900,689,031	-	-	-	-	-	-	900,689,031
Factory building on lease hold land	404,383,193	28,150,477	45,997,642	-	386,536,028	4	87,358,996	13,187,803	96,939,590	-	3,607,209	382,928,819
Plant and machinery	1,062,260,322	40,048,705	355,605,635	7,886,392	754,589,784	6	422,166,685	39,240,762	405,121,430	2,085,184	58,371,201	696,218,583
Office equipment	7,779,964	518,857	-	-	8,298,821	10	3,305,961	473,712	-	-	3,779,673	4,519,148
Factory equipment	1,938,528	584,949	-	-	2,523,477	10	1,028,134	138,592	-	-	1,166,726	1,356,751
Furniture and fixture	6,011,757	-	-	-	6,011,757	10	2,312,288	369,947	-		2,682,235	3,329,522
Motor vehicles	8,066,863	-	-	3,523,000	11,589,863	20	5,147,818	863,138	-	2,126,356	8,137,312	3,452,551
Arms and ammunition	36,500	-	-	-	36,500	10	29,548	695	-	-	30,243	6,257
Electrical and pipe fittings	51,093,707	2,051,874	-	-	53,145,581	10	24,345,354	2,674,835	-	-	27,020,189	26,125,392
	2,218,270,834	71,354,862	625,592,308	11,409,392	2,123,420,842		545,694,784	56,949,484	502,061,020	4,211,540	104,794,788	2,018,626,054
LEASED												
Plant and machinery	176,815,541	-	-	(7,886,392)	168,929,149	6	36,896,136	13,139,465	-	(2,085,184)	47,950,417	120,978,732
Motor vehicles	9,368,000	-	-	(3,523,000)	5,845,000	20	4,571,686	1,122,429	-	(2,126,356)	3,567,759	2,277,241
	186,183,541	-	-	(11,409,392)	174,774,149		41,467,821	14,261,894	-	(4,211,540)	51,518,175	123,255,974
TOTAL RUPEES - 2009	**2,404,454,375**	**71,354,862** -	**625,592,308**	**-** -	**2,298,194,991**		**587,162,605**	**71,211,378** -	**502,061,020**	**-** -	**156,312,963**	**2,141,882,028**
TOTAL RUPEES - 2008	**2,144,512,188**	**10,039,187** **(2,219,000)**	**252,122,000**	**-**	**2,404,454,375**		**526,031,608**	**62,632,490**	**-**	**(1,501,494)** -	**587,162,604**	**1,817,291,771**

		June 30, 2010	June 30, 2009
		RUPEES	RUPEES
16	**LONG TERM DEPOSITS**		
	Lease security deposits	6,149,700	19,130,100
	K.E.S.C.	1,829,694	1,829,694
	Other deposits	633,978	633,978
		8,613,372	21,593,772
17	**STORES, SPARE PARTS AND LOOSE TOOLS**		
	Stores and spares part	14,450,295	10,154,389
	Packing material	5,773,887	3,681,564
		20,224,182	13,835,953
18	**STOCK IN TRADE**		
	Raw material	104,039,343	372,970,778
	Work in process	29,588,387	14,723,369
	Finished goods	69,299,540	26,028,056
	Waste	129,746	2,250,777
		203,057,017	415,972,980

There were no stock pledge with any bank at the balance sheet date

19	**TRADE DEBTS**		
	Export - secured - Considered good	71,951,216	59,291,817
	Local - unsecured - Considered good	38,627,918	101,156,047
		110,579,134	160,447,864
20	**OTHER FINANCIAL ASSETS**		
	Bank Term Deposits	74,000,000	8,300,000
		74,000,000	8,300,000

The above deposits had been held by banks as collateral security against L/C & Cross current swap contracts. These carry markup ranges from 9.5% to 11% p.a.

21	**LOANS AND ADVANCES**		
	Unsecured-considered good		
	Advances		
	To employees		
	Staff	605,450	641,384
	Workers	2,196,284	1,496,805
		2,801,735	2,138,189
	To suppliers	62,084,119	63,443,312
	To contractors	4,515,771	3,976,771
	Short term deposits and Bank guarantee margins	36,242,745	18,025,353
	Federal Excise Duty receiveable	6,713	
	Letter of Credit	58,854,746	544,533
	Freight subsidy receivable	5,656,659	5,656,659
		170,162,488	93,784,817
22	**SALES TAX AND INCOME TAX**		
	Sales tax receivable	24,046,002	13,482,709
	Income tax receivable		
	Advance Income tax	48,342,117	14,294,981
	Provision For Taxation	(35,557,092)	(12,407,429)
		12,785,025	1,887,552
		36,831,028	15,370,261
23	**OTHER RECEIVABLES**		
	Central excise duty receivable from banks	261,487	261,487
	Others	4,828,983	4,149,051
		5,090,470	4,410,538
24	**CASH AND BANK BALANCES**		
	Cash in hand	79,305	1,202,134
	Cash at bank in current accounts	3,851,886	975,117
		3,931,191	2,177,251

			June 30, 2010 RUPEES	June 30, 2009 RUPEES
25	**SALES**			
	Local			
	Yarn		678,017,861	1,041,925,057
	Raw cotton		90,001,246	3,441,042
	Waste		38,312,050	63,113,941
			806,331,157	1,108,480,040
	Export			
	Yarn		2,002,935,816	1,275,989,804
			2,002,935,816	1,275,989,804
			2,809,266,973	2,384,469,844
				-
	Brokerage and commission		(63,824,491)	(31,482,793)
	Regulatory Duty On Export		(15,891,212)	
			2,729,551,270	2,352,987,051
26	**COST OF SALES**			
	Raw material consumed	26.1	2,129,025,280	1,978,835,848
	Packing material consumed	26.2	51,298,822	45,687,158
	Stores and spare parts consumed	26.3	40,595,259	32,036,052
	Salaries, wages and benefits	26.4	151,227,745	146,764,333
	Power and fuel		166,645,173	155,916,753
	Doubling Charges		-	237,600
	Vehicle running and maintenance		1,334,619	1,079,538
	Traveling and conveyance		99,257	83,158
	Repairs and maintenance		3,641,824	4,229,050
	Insurance		5,356,165	6,980,603
	Miscellaneous overheads		1,818,094	788,008
	Depreciation	15.1	66,042,896	68,381,457
			2,617,085,134	2,441,019,558
	Work in process			
	Opening		14,723,369	18,395,164
	Closing		(29,588,387)	(14,723,369)
			(14,865,019)	3,671,795
	Cost of goods manufactured		2,602,220,115	2,444,691,353
	Cotton Yarn purchase		6,083,000	67,674,300
	Finished goods and waste			
	Opening		28,278,833	53,578,421
	Closing		(69,429,286)	(28,278,833)
			(41,150,453)	25,299,588
	Cost of sales		2,567,152,662	2,537,665,241
26.1	**RAW MATERIAL CONSUMED**			
	Opening stock		372,970,778	336,839,091
	Purchases		1,860,093,845	2,014,967,535
			2,233,064,624	2,351,806,626
	Closing stock		(104,039,343)	(372,970,778)
			2,129,025,280	1,978,835,848
26.2	**PACKING MATERIAL CONSUMED**			
	Opening stock		3,681,564	4,353,093
	Purchases		53,391,145	45,015,629
			57,072,709	49,368,722
	Closing stock		(5,773,887)	(3,681,564)
			51,298,822	45,687,158

			June 30, 2010 RUPEES	June 30, 2009 RUPEES
26.3	**STORES AND SPARES CONSUMED**			
	Opening stock		10,154,389	13,813,066
	Purchases		44,891,165	28,377,376
			55,045,554	42,190,442
	Closing stock		(14,450,295)	(10,154,389)
			40,595,259	32,036,053

26.4 It includes Rs. 1,324,407/- (June 2009: Rs. 1,080,441/-) in respect of staff retirement benefits.

27	**DISTRIBUTION COST**			
	Freight and cartage		36,408,846	48,258,653
	Export Development Surcharge		3,714,233	3,063,258
			40,123,079	51,321,911
28	**ADMINISTRATIVE AND SELLING EXPENSES**			
	Salaries and other benefits	28.1	20,381,216	20,361,983
	Rent, rates and taxes		5,258,717	5,538,520
	Electric gas and water		1,281,752	1,086,658
	Postage, telephone and telex		1,093,119	1,289,166
	Printing and stationery		676,224	563,840
	Traveling and conveyance		1,022,981	1,222,022
	Legal and professional		9,924,406	1,924,226
	Newspapers and periodicals		10,186	10,838
	Repairs and maintenance		518,760	748,816
	Charity and donation	28.2	10,000	50,000
	Advertisement and publicity		21,956	62,013
	Motor vehicle expenses		1,388,479	1,078,364
	Entertainment		1,716,128	1,313,257
	Packing Charges		-	3,970
	Auditor's remuneration:			
	Audit fee		595,975	433,500
	Half yearly review fee		90,750	75,000
			686,725	508,500
	Miscellaneous		404,420	614,123
	Insurance Expense		505,001	522,113
	Depreciation	15.1	1,406,400	2,829,921
			46,306,470	39,728,330

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 telephone at their residences.

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

		June 30, 2010 RUPEES	June 30, 2009 RUPEES
29	**OTHER OPERATING INCOME**		
	Income From Financial Assets		
	Return on Bank Term Deposits	1,055,623	788,504
	Income From Non-Financial Assets		
	Gain on disposal of fixed assets	102,173	-
	Others		
	Scrap Sales	2,573,686	3,062,500
	Other receipts	218,444	345,485
	Workers Profit Partcipation Fund	(616,311)	(913,508)
		3,333,616	3,282,981

		June 30, 2010 RUPEES	June 30, 2009 RUPEES
30 FINANCE COST			
Interest/mark-up on			
Long term loans		37,248,648	40,262,934
Bank running finance		52,180,153	89,985,587
Finance charges on lease		14,673,870	18,236,942
		104,102,671	148,485,463
Markup Others		20,323,248	18,302,464
LC discounting and Bank charges		17,390,092	13,624,973
		141,816,011	180,412,900
31 TAXATION			
Current	31.1	23,149,663	12,407,429
Prior		-	1,686,169
		23,149,663	14,093,598

31.1 Current

The provision for taxation has been made in these financial statement on the basis of section 169 of the income tax ordinance,2001

32 EARNINGS PER SHARE - BASIC & DILUTED

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

	June 30, 2010	June 30, 2009
Loss for the year in rupees	(85,662,999)	(466,951,948)
Total number of ordinary shares	12,000,000	12,000,000
Earnings per share in rupees- Basic and diluted	(7.14)	(38.91)

33 CASH GENERATED FROM OPERATIONS

	June 30, 2010	June 30, 2009
Profit /(Loss) before taxation	(62,513,336)	(452,858,350)
Adjustment for non cash charges and other items		
Depreciation	67,449,296	71,211,378
Financial charges	141,816,011	180,412,900
(Gain)/Loss on disposal of fixed assets	(102,173)	-
Provision for gratuity	1,401,328	6,173,212
	210,564,461	257,797,490
Operating profit / (loss) before working capital changes	148,051,126	(195,060,860)
(Increase)/decrease in current assets		
Stock, Store & spare parts	206,527,734	(2,830,098)
Trade debts	49,868,729	(27,075,293)
Short Term Investments	(65,700,000)	-
Loans and advances	(76,377,671)	(9,888,734)
Refund due from Government	(10,563,293)	(2,881,216)
Other receivables	(679,932)	(952,028)
	103,075,567	(43,627,369)
Increase/(decrease) in current liabilities		
Trade and other payables	(21,922,096)	167,712,249
	229,204,597	(70,975,980)

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

	June 30, 2010	June 30, 2009
Purchase of electricity	201,816,751	197,506,166

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 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The company has exposures to the following risks from its use of financial instruments.

35.1 Credit risk
35.2 Liquidity risk
35.3 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.

35.1 Credit risk

35.1.1 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. 372.376 million (June 30, 2009 : Rs. 306.08 million), financial assets which are subject to credit risk aggregate to Rs. 372.297 million (June 30, 2009 : Rs. 289.512 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.

	2010 Rupees	2009 Rupees
Long term deposits	8,613,372	21,593,772
Trade debts	110,579,134	160,447,864
Loans and advances	170,162,488	93,784,817
Trade deposits and short term prepayments	74,000,000	8,300,000
other Receivables	5,090,470	4,410,538
Cash at bank	3,851,886	975,117
	372,297,350	289,512,108

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

	2010 Rupees	2009 Rupees
Domestic	38,627,918	101,156,047
Export	71,951,216	59,291,817
	110,579,134	160,447,864

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

	2010 Rupees	2009 Rupees
Yarn	42,125,399	154,113,848
Waste	9,178,329	512,232
Raw Cotton	59,275,406	5,821,784
	110,579,134	160,447,864

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

	2010 Rupees	2009 Rupees
Not past due	110,579,134	160,447,864
Past due 0 - 30 days	-	-
Past due 31 - 90 days	-	-
Past due 90 days - 1 year	-	-
More than one year	-	-
	110,579,134	160,447,864
Impairment	-	-
	110,579,134	160,447,864

35.2 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.

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	632,632,531	591,470,247	11,155,013	69,035,745	164,309,100	346,970,389
Finance lease	83,098,457	90,698,106	37,407,420	27,881,951	25,408,735	-
Trade and other payables	549,648,551	549,648,551	549,648,551	-	-	-
Accrued mark up and interest	54,642,731	54,642,731	54,642,731	-	-	-
Short term borrowings	669,812,943	669,812,943	-	362,539,501	307,273,442	-
	1,989,835,213	1,956,272,578	652,853,715	459,457,197	496,991,277	346,970,389

2009

	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	292,626,114	241,333,331	4,826,667	7,240,000	72,399,999	156,866,665
Long term financing from	-	-	-	-	-	-
Finance lease	114,715,324	113,709,027	45,483,609	45,483,609	22,741,809	-
Trade and other payables	571,570,654	571,570,654	571,570,654	-	-	-
Accrued mark up / interest	59,524,348	59,524,348	59,524,348	-	-	-
Short term borrowings	962,296,351	962,296,351	-	529,720,770	432,575,581	-
	2,000,732,791	1,948,433,711	681,405,278	582,444,379	527,717,389	156,866,665

35.2.1 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.

35.3 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.

35.3.1 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 2010	864,279	71,951,216
Trade debts 2009	518,148	38,627,918

The following significant exchange rates applied during the year.

	Average rates		Reporting date rates	
	2010	2009	2010	2009
US Dollar to Rupee	83.25	74.55	85.40	81.10

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.

	2010 Rupees	2009 Rupees
US Dollar	(3,690,471)	(2,101,089)

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

35.3.2 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.

	2010 Rupees	2009 Rupees
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	-	-
Variable rate instruments		
Financial assets	74,000,000	8,300,000
Financial liabilities	1,330,964,696	1,369,637,789

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 2010	13,309,647	(13,309,647)
Cash flow sensitivity - variable rate instruments 2009	13,696,378	(13,696,378)

35.4 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.

	2010 Rupees	2009 Rupees
35.5 Off balance sheet items		
Bank guarantees issued in ordinary course of business	15,500,000	-
Letters of credit for raw material	59,709,581	45,196,239

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

36 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.

		2010	2009
Borrowings	Rupees	1,337,576,804	1,383,800,199
Total equity	Rupees	(422,640,173)	(337,089,132)
Total capital employed	Rupees	914,936,631	1,046,711,067
Gearing ratio	Percentage	146.19	132.20

37 PLANT CAPACITY AND PRODUCTION:

	2010	2009
SPINNING		
Total number of spindles installed	44,484	44,484
Average No. of spindles worked	44,004	44,004
Number of shifts	3	3
Actual production of the period in kgs		
after conversion into 20/1 count	12,187,568	14,253,918
Installed capacity of the period in kgs		
after conversion into 20/1 count	15,104,644	15,104,644

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

POWER		
Installed Capacity	7 MW	7 MW

38 General

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

Reclassification From	Reclassification to	Amount
Loan and Advances	**Other Financial assets**	
Short term Deposit	Bank Term Deposit	8,300,000
Advance Income Tax	Sales tax and Income tax	14,294,981
Other Receivables		
Sales Tax Receivable	Sales tax and Income tax	13,482,709
Provision For Taxation	Sales tax and Income tax	12,407,429

39 DATE OF AUTHORISATION FOR ISSUE

The Board of directors of the company authorized these financial statements for issue on 07 October,2010

CHIEF EXECUTIVE **DIRECTOR**

Karachi: 07 October, 2010

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 49th Annual General Meeting of the Company to be held on Thursday, 29th October, 2010 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.