

OLYMPIA MILLS LIMITED

(FORMERLY OLYMPIA SPINNING & WEAVING MILLS LIMITED)

**Half Yearly
Accounts
(Reviewed)
December 31, 2017**



COMPANY INFORMATION

BOARD OF DIRECTORS

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

DIRECTORS

: MR. SIRAJ SADIQ MONNOO (Executive)
: MR. SYED AYAZUDDIN (Non-Executive)
: MR. SYED INAMUDDIN AHMED (Non-Executive)
: MR. UMAR ILYAS SHAFI (Independent)
: MR. ARSHAD IQBAL (Non-Executive)

AUDIT COMMITTEE MEMBERS

CHAIRMAN (INDEPENDENT)	: MR. UMAR ILYAS SHAFI
MEMBER (NON-EXECUTIVE)	: MR. SYED AYAZUDDIN
MEMBER (NON-EXECUTIVE)	: MR. SYED INAMUDDIN AHMED

HUMAN RESOURCE & REMUNERATION (HR & R) COMMITTEE

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

CHIEF FINANCIAL OFFICER & ACTING COMPANY SECRETARY

: MR. ASIM JAFFERY

LEGAL ADVISOR

: M/S. MAKHOOM & CO. BARRISTERS & ADVOCATE
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AUDITORS

: MUSHTAQ & COMPANY CHARTERED ACCOUNTANTS 407-408, COMMERCE CENTRE, HASRAT MOHANI ROAD, KARACHI.

BANKERS

: UNITED BANK LTD
: ASXARI BANK LTD
: SONERI BANK LTD
: ALLIED BANK LTD
: BANK AL-FALAH LTD.

REGISTERED OFFICE

: PLOT NO. H-23/3, LANDHI INDUSTRIAL AREA, LANDHI, KARACHI.
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OLYMPIA MILLS LIMITED
(FORMERLY OLYMPIA SPINNING & WEAVING MILLS LIMITED)

DIRECTORS REPORT

The Directors have pleasure in presenting their un-audited accounts of the Company for half year ended December 31, 2017. During the period under review the amount of sales (net) was Rs.53,399,174/- as compared to previous corresponding period sales of Rs.8,599,972.

	HALF YEAR ENDED		QUARTER ENDED	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	RUPEES	RUPEES	Rupees	Rupees
Sales	53,399,174	8,599,972	-	8,599,972
Cost of sales	(37,464,037)	(15,682,418)	(5,733,218)	(10,241,308)
Gross (less)	(4,064,867)	(7,118,444)	(5,733,218)	(1,674,237)
Administrative expenses	(5,778,378)	(3,641,891)	(4,718,878)	(1,731,497)
Other operating income	42,842,894	(7,508,824)	28,258,100	(45,098,843)
	32,883,508	(11,150,716)	24,842,224	(48,830,345)
Operating Income/(Loss)	29,768,651	(18,299,168)	19,609,008	(48,504,877)
Finance cost	(3,841,882)	(915,284)	(7,994,750)	(85,599)
Profit/(Loss) before taxation	21,126,769	(19,681,523)	10,818,258	(48,590,476)
Taxation:				
Current	(5,812,226)	(1,171,254)	(2,578,637)	(1,051,773)
Net Profit/(Loss) after taxation	15,314,543	(21,852,777)	8,239,621	(49,642,249)
Earning per share-Basic and diluted (Rupees)	1.28	(1.65)	0.69	(4.14)

FINANCIAL RESULTS

The financial results for six months period ended December 31, 2017 have resulted in net profit after tax of Rs.15,314,543/- During the period the company has changed its name to Olympia Mills Limited and accordingly changed its Principal line of business to renting/leasing of fixed assets of the company. By the Grace of Allah, your management has successfully implemented the new business model and started to earned profits. In order to minimize the credit risk, the company has successfully negotiated settlements/restructuring with Soneri Bank, Askari Bank Ltd and Bank Alfalah Ltd as disclosed in Note 12. The accounts are prepared in line with Going Concern assumption as disclosed in note 1.3 since the company started revenue generating activities, restructured all of its finances and settled majority of cotton ginners. Our auditors give emphasis note on use of going concern assumption due to adverse financial ratios.

FUTURE PROSPECTS

The directors of the company are considering different options to diversify into new avenues or starting such profitable businesses that requires small capital investments.

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


SYED SAAD AHMAD
DIRECTOR

For and on behalf of the Board

MUZAFFAR AHMAD
CHIEF EXECUTIVE

Karachi: 27 February 2018



اولییا ٹرانسپورٹ
(پبلک ٹرانسپورٹ ایکٹ 1971 کے تحت رجسٹرڈ)
ڈائریکٹر ریلوے

ڈائریکٹر کو اپنے غیر آئندہ ٹکٹوں کے بارے میں اطلاع دی گئی ہے کہ ان کے آئندہ سال کے آخر میں 2014ء میں پیش کی جارہی ہیں اس مدت کے دوران فروخت کی قیمت 53,399,174 روپے (پنچ لاکھ تیس لاکھ سو چھتیس ہزار روپے) ہے۔

	آمدنی نام		معاوضہ نام	
	تیسری	تیسری	تیسری	تیسری
	2014	2013	2014	2013
سیلز	53,399,174	8,998,972	-	8,998,972
فروخت کی قیمت	(87,484,031)	(15,892,419)	(25,739,219)	(10,241,309)
مجموعی (فائدہ) / نقصان	(34,084,857)	(7,110,444)	(25,739,219)	(1,242,337)
انتظامی اخراجات	(5,779,576)	(5,641,691)	(4,718,876)	(5,731,437)
دیگر آپریٹنگ آمدنی	42,642,884	(7,848,824)	(29,258,100)	(45,098,943)
آپریٹنگ آمدنی / خسارہ	35,863,632	(11,150,715)	24,542,224	(46,830,340)
خزانہ لاگت	29,788,421	(18,298,159)	18,809,898	(48,254,377)
ٹیکسیشن سے پہلے (فائدہ) / نقصان	(8,841,889)	(416,984)	(7,696,750)	(88,886)
ٹیکسیشن:	21,128,798	(18,681,923)	10,819,258	(48,092,872)
موجودہ	(2,812,228)	(1,171,284)	(2,878,827)	(1,051,772)
ٹیکسیشن کے بعد (فائدہ) / نقصان	18,316,570	(19,853,207)	8,020,431	(49,144,644)
ٹرانسپورٹ کی کٹاؤں، بنیادی اور متعلقہ (روپے)	1.28	(1.65)	0.69	(4.24)

مالیاتی نتائج:

چھ ماہ کی مدت کا مالیاتی نتیجہ جس کی معاہدہ 31 دسمبر 2014ء تھی، کل منافع ٹیکس منہ کرنے کے بعد 15,314,540/- روپے کی مدت کے دوران ادارے کا نام اولییا ٹرانسپورٹ میں تبدیل کر دیا گیا ہے اور بمطابق بزنس کے حصول کو کرایہ داری ٹرانسپورٹ نامی اثاثہ جات میں تبدیل کر دیا گیا ہے۔ اللہ پاک کی مہربانی سے آپ کے کاروبار چلانے والے لوگوں نے بزنس کی نئی سٹاک کو منافع بخش اور کم سے کم خرچہ پر چلانے میں کامیابی کے ساتھ اصل درآمد کروایا، قرضے کی نقصان کو کم کرنے کیلئے سنہری ہینڈل، مسکری ہینڈل اور الفلاح ہینڈل کے ساتھ ادارے نے کامیابی کے ساتھ کاروباری سٹاک کو باٹ چیت سے بہتر معاملات بنائے، چونکہ نوٹ نمبر 12 پر ظاہر کیا گیا ہے تمام کھاتے ترتیب میں جاری رہنے والے اصول کے مطابق تیار کیے جا رہے ہیں، جیسا کہ نوٹ نمبر 7.2 میں بتایا گیا ہے۔ ادارے نے منافع کماتے والے کام شروع کر دیے ہیں، اپنے تمام مالیات کو نئے سٹاک میں کر دیا ہے اور زیادہ تر کھاس (کٹاؤں) جینٹس کی کھیلائیوں سے معاہدے کے بعد اس کا کھاتہ ادا کر دیا ہے۔ ہمارے آڈیٹرز نے کمپنی کی چلتی ہوئی کاروبار کی مالیاتی (ریویو) کی وجہ سے اپنی رپورٹ میں منفی رائے کا اظہار کیا ہے۔

مستقبل کے امکانات:

کمپنی کے ڈائریکٹرز کے پاس مختلف راستے ہیں نئے انداز سے کاروبار کو پھیلانے کیلئے یا اس طرح کے منافع بخش کاروبار کیلئے چھوٹے سرمایہ کاری کی ضرورت ہے ہم اس بات کو تحریر میں لانا چاہتے ہیں کہ ہمارے بینکاروں کی حمایت اور ان کے تعاون کے بغیر موجودہ نتائج حاصل کرنا ممکن نہیں تھا۔ وفاداری اور کمپنی کی طرف ہمارے کارکنوں اور کارکنوں کی لگن بھی موجودہ نتائج کے حصول کیلئے اہم عوامل میں سے ایک ہے۔

کپٹن اور ہونڈی چانگ سے


ایم وقار منگل
 چیف ایگزیکٹو


سراج حسدق منو
 ڈائریکٹر

تاریخ کراچی 26 مئی 2014ء



MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

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Branch Office 20-B, Block-G, Gulberg-II, Lahore. Tel: 35894928 Fax: 35843360
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AUDITORS' REVIEW REPORT TO THE MEMBERS ON CONDENSED INTERIM FINANCIAL INFORMATION

INTRODUCTION

We have reviewed the accompanying condensed interim balance sheet of **Olympia Mills Limited (Formerly Olympia Spinning & Weaving Mills Limited)** as at December 31, 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "interim financial information"), for the half year then ended. Management is responsible for preparation and presentation of this interim financial reporting in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2017 and 2016 in the condensed interim profit and loss account have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

SCOPE OF REVIEW

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

BASIS OF CONCLUSION

The following observations come to our knowledge during our review of interim financial statement:

- 1) The company has changed its business operation from spinning & weaving to lease/rent out factory building which has now become principle line of business after amending the object clause of the memorandum of association of the company.
- 2) The company has earned profit for the half year ended 31st December 2017 of Rs 15.314 million.
- 3) The company's current liabilities exceeds its current assets by Rs. 793.032 million (June 30, 2017: Rs 460.583 million) as on December 31st 2017. These Adverse key financial ratios show the existence of a material uncertainty. However, the management has prepared interim financial statements on going concern basis because of profitability after change in line of business.

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

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Conclusion

Based on our review, and above findings causes us to believe that the accompanying interim financial statements for the half year ended December 31, 2017 is prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi.

Dated: _____

 **MUSHTAQ & COMPANY**
Chartered Accountants
Engagement Partner:
Mushtaq Ahmed Vohra,
FCA

OLYMPIA MILLS LIMITED
(FORMERLY OLYMPIA SPINNING & WEAVING MILLS LIMITED)
CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2017

	NOTES	DECEMBER	JUNE
		31, 2017	30, 2017
		RUPEES	RUPEES
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
13,000,000 (2017: 13,000,000)		130,000,000	130,000,000
Issued, subscribed and paid up capital		120,000,000	120,000,000
Unappropriated loss		(1,203,846,509)	(1,219,700,947)
		(1,083,846,509)	(1,099,700,947)
Surplus on evaluation of property, plant and equipment	5	525,380,880	525,300,777
NON-CURRENT LIABILITIES			
Long term financing	6	500,583,706	585,699,818
Deferred liabilities		182,567	67,733
CURRENT LIABILITIES			
Trade and other payables		371,821,805	409,587,700
Short-term borrowings		74,209,270	83,211,841
Current portion of - long term financing		432,882,877	74,200,000
		878,695,151	577,099,741
CONTINGENCIES AND COMMITMENTS			
	7	-	-
		887,123,798	684,881,112
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	766,717,778	769,821,704
Long term deposit		3,549,182	3,549,182
CURRENT ASSETS			
Stock held for trading		371,355	-
Stock in trade		-	9,708,230
Trade debts		15,864,895	23,173,866
Other financial assets	9	24,096,800	24,096,800
Loans and advances		2,114,072	1,883,625
Income tax and sales tax refundable		7,904,238	9,494,410
Other receivables		24,652,782	23,843,649
Cash and bank balances		6,189,219	8,463,475
		86,862,809	113,503,254
		887,123,798	684,881,112

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



OLYMPIA MILLS LIMITED
(FORMERLY OLYMPIA SPINNING & WEAVING MILLS LIMITED)
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	HALF YEAR ENDED		QUARTER ENDED	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	RUPEES	RUPEES	Rupees	Rupees
Sales	53,399,174	8,566,972	-	8,566,972
Cost of sales	(37,494,031)	(15,682,416)	(5,733,218)	(10,241,209)
Gross Loss	(4,094,857)	2,884,556	(5,733,218)	(1,674,237)
Administrative expenses	(8,779,376)	(3,641,891)	(4,716,876)	(1,731,487)
Other operating income	42,642,884	(7,508,824)	29,255,100	(45,098,843)
	33,863,508	(11,150,715)	24,542,224	(46,830,340)
Operating Profit/ (Loss)	29,768,651	(8,266,159)	18,809,006	(48,504,577)
Finance cost	(8,441,882)	(415,364)	(7,993,750)	(85,996)
Loss before taxation	21,326,769	(8,681,523)	10,815,256	(48,590,573)
Taxation:				
Current	(5,812,226)	(1,171,254)	(2,578,537)	(1,051,773)
Profit/ (Loss) after taxation	15,514,543	(9,852,777)	8,236,719	(49,642,346)
Profit/ (Loss) per share-Basic and diluted (Rupees)	1.28	(1.65)	0.69	(4.33)

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER



OLYMPIA MILLS LIMITED
(FORMERLY OLYMPIA SPINNING & WEAVING MILLS LIMITED)
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	HALF YEAR ENDED		QUARTER ENDED	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	RUPEES	RUPEES	Rupees	Rupees
Profit/ (Loss) for the period after taxation	15,314,540	(19,852,777)	8,236,719	(49,642,346)
Other comprehensive income/loss for the half year period ended December 31, 2017	-	-	-	-
Total comprehensive income/loss for the the half year period ended December 31, 2017	<u>15,314,540</u>	<u>(19,852,777)</u>	<u>8,236,719</u>	<u>(49,642,346)</u>

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER



OLYMPIA MILLS LIMITED
(FORMERLY OLYMPIA SPINNING & WEAVING MILLS LIMITED)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Paid up Capital	Revenue Reserve	Capital Reserve	Accumulated (Loss)	Total
	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES
Balance as at June 30, 2016	120,000,000	3,580,293	-	(1,214,949,313)	(1,090,968,280)
Capital Reserved			4,299,314		4,299,314
Total comprehensive loss for the half year ended 31 December 2016	-	-	-	(16,832,777)	(16,832,777)
Transfer from surplus on revaluation of property, plant and equipment for the half year ended 31 December 2016 on account of incremental depreciation	-	-	-	2,280,713	2,280,713
Balance as at December 31, 2016	120,000,000	3,580,293	4,299,314	(1,231,747,377)	(1,099,067,070)
Total comprehensive loss for the period from January 01, 2016 to June 30, 2017	-	-	-	8,240,543	8,240,543
Transfer from surplus on revaluation of property, plant and equipment for the period January 01, 2017 to June 30, 2017 on account of incremental depreciation	-	-	-	625,833	625,833
Balance as at June 30, 2017	120,000,000	3,580,293	-	(1,223,381,000)	(1,099,700,707)
Total comprehensive profit/ (loss) for the half year ended 31 December, 2017	-	-	-	15,314,540	15,314,540
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	-	539,898	539,898
Balance as at December 31, 2017	120,000,000	3,580,293	-	(1,207,476,562)	(1,083,896,269)

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER



OLYMPIA MILLS LIMITED
(FORMERLY OLYMPIA SPINNING & WEAVING MILLS LIMITED)
CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	December-2017 RUPEES	December-2016 RUPEES
CASH GENERATED FROM OPERATION		
Profit/(Loss) before taxation	21,226,766	(3,681,525)
Adjustment for non-cash charges and other items:		
Depreciation	6,903,828	7,790,833
Finance cost	6,641,885	433,264
(Gain)/loss on disposal of fixed assets	(669,567)	(26,338)
Liabilities no longer payable	(911,208)	(37,637,700)
Devaluation of fixed assets	-	49,596,548
Goodwill	34,834	12,046
Operating Profit before working capital changes	32,136,238	1,659,239
(Increase)/decrease in current assets:		
Stocks, stores and spares	1,096,877	(3,794,138)
Trade debts	11,508,969	(9,698,888)
Loans and advances	(230,748)	(3,678,636)
Sales tax	(639,933)	(3,303,421)
Other receivables	1,232,867	(833,960)
	20,958,039	(21,613,963)
Increase/(Decrease) in current liabilities:		
Trade and other payables	(35,608,835)	66,213,907
Cash generated from operations	26,471,437	39,156,274
Taxes paid	-	(731,988)
Finance cost paid	(281,235)	(413,564)
Goodwill-out	-	-
	(2,681,932)	(1,145,552)
Net cash generated from operating activities	15,487,515	38,010,722
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	1,220,000	484,000
Fixed Capital Investment	(1,360,000)	(45,500,000)
Investment under Capital reserve	-	4,299,314
Capital Work in progress	(3,800,000)	-
Net cash generated from / (used in) investing activities	(2,340,000)	(40,716,686)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term finance	(2,800,000)	1,921,541
Short term finance	(11,081,771)	632,087
Net cash generated from financing activities	(13,881,771)	2,553,628
Net increase /in-cash and cash-equivalents	(2,274,256)	(52,153)
Cash and cash-equivalents at the beginning of the period	4,463,425	4,615,182
Cash and cash-equivalents at the end of the period	4,189,219	4,563,029

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



OLYMPIA MILLS LIMITED
FORMERLY OLYMPIA SPINNING & WEAVING MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The company was incorporated in Pakistan as a public limited company on October 26, 1960 under the Companies Act, 1913 (Now the Companies Act, 2017), and its shares are quoted on the Pakistan Stock Exchange. The name of the company has been changed from Olympia Spinning & Weaving Mills Ltd to Olympia Mills Limited which was approved by SECP in November 2007. Accordingly the principal line of business of the company has been changed to spinning/weaving of company's final assets as approved by Shareholders in AGM dated 30 October 2017 and subsequently reported to Registrar SECP. The registered office of the company is situated at H-2/5/Landini Industrial Area, Landini Karachi.
- 1.2 The company has incurred a profit for the period ended December 31, 2017 of Rupees 15.314 Million (Dec. 2016: Loss of Rupees 18.632 million) and as of that date, reported accumulated losses of Rupees 1,207,426 million (June 30, 2017: Rupees 1,210,261 million). The current liabilities exceeded its current assets by Rupees 793,000 million (June 30, 2017: Rupees 460,583 million) as of that date. These conditions along with adverse key financial ratios and legal cases against the company indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. However management assesses the reliability of going concern assumption in preparation of these financial statements and concluded that it is still going concern, based on following mitigating factors. Accordingly, these financial statements have been prepared on going concern assumption.
- (i) Restructuring of Bank Borrowing by Executing a Debt-Asset Swap arrangement
All our borrowers except our commitment agreed to restructure all our borrowings that existed at 30 June 2017 through a Debt-Asset Swap arrangement with conditional write off of Process margin of Rs 388,318 million subject to the payment of principal as per schedule agreed with the banks. This gives the company fresh start to workout new plans to start new businesses. Subsequent to the balance sheet date as disclosed in note 10, Sovereign Bank Ltd and Bank Al-Falah Ltd will be settled at the agreed settlement amount while Askari Bank Ltd restructure the whole amount in six year restructuring Plan. Therefore credit risk will be minimal enabling the company to be in going concern.
- (ii) Settlement with Cotton Ginners and State Parties
The company started negotiation with cotton ginners and other creditors to settle their dues amicably. We are pleased to inform you that majority of cotton ginners and parties understood our position and agreed on bilateral settlement terms. The negotiation with remaining creditors are in progress. As a result of our firm assurances not a single creditor gone to Court for initiating recovery proceedings.
- (iii) Leasing/Leet Business
With the approval of change of Principal line of business, the company is in better position to generate positive cash-flows from leasing/leeting with minimum operating cost. The company started generating revenue from renting out factory building and leased out its Paper manufacturing unit.
- (iv) Support of Directors, Sponsors and Olympia Power Generation (Pvt) Limited
Directors of the company have committed that if in case any additional funds are required for running the business of the company, will be provided by the sponsors and directors. Moreover Olympia Power will provide continuous support to the company by sale of electricity.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial statement has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. As per the requirements of circular No. CLD/CCO/PR/31/2017 dated July 26, 2017 and circular No. 23 of 2017 dated October 4, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP), the Company has prepared these financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984 (the Ordinance). Accordingly, approved accounting standards for interim financial reporting comprise of International Accounting Standard 34, 'Interim Financial Reporting' and provisions of and directives issued under the Ordinance. It uses requirements differ, the provisions of or directives issued under the Ordinance prevail. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended 30 June, 2017.

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Pakistan Stock Exchange and section 237 of the Companies Act, 2017.

These condensed interim financial information comprise of condensed interim Balance Sheet, condensed interim Profit & Loss Account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes for the half year ended December 31, 2017 which have been subjected to a review but not audited. This condensed interim financial information also include the condensed interim profit & loss account for the quarter ended December 31, 2017.



3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended 30 June 2017.

4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

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

4.2 Judgments and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements for the year ended 30 June, 2017.

4.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 30 June 2017.

	December 2017	June 2017
5 SURPLUS ON REVALUATION OF FIXED ASSETS		
Balance as at July 01, 2017	525,930,777	621,900,375
Reversal of Revaluation Surplus - Land & Building		(50,103,000)
Realization of Surplus on disposal of fixed asset		
Transfer to equity on account of incremental depreciation	(129,695)	(2,679,546)
Balance as at December 31, 2017	<u>525,560,482</u>	<u>528,508,779</u>

6 LONG TERM FINANCING

From banking companies - secured

Term Finance

United Bank Ltd.

6.1

35,000,000

34,000,000

Askari Bank Ltd.

6.2

175,000,000

175,000,000

Bank alFalah Ltd.

6.3

150,000,000

151,000,000

Sonari Bank Ltd

6.4

210,004,875

210,004,875

570,004,875

570,009,875

From Markup

United Bank Ltd.

222,272,000

222,272,000

Askari Bank Ltd.

119,688,598

119,688,598

Sonari Bank Ltd

46,728,000

46,728,000

388,688,598

388,688,598

Markup Payable -UBL

1,809,597

903,362

Markup Payable -Askari Bank Ltd

7,266,728

-

9,076,325

903,362

Current maturity of long term financing

433,861,677

39,500,000

Current maturity Amount

433,861,677

39,500,000

525,930,779

528,609,812

6.1 United Bank Limited (Loan)

The company had entered into restructuring agreement with bank to restructure the outstanding principal liabilities Rs. 460 million by entering into a Debt - Asset Swap (DAS arrangement) under which it adjust its principal liability by Rs 420.20 m through acquisition of 10.73 acres of land along with building thereon reducing the outstanding principal to Rs 39.8 m . Upon receipt of full amount within one year, amount of recoverable markup of Rs 222.272 million will be waived off. Accordingly all the securities charges held by the UBL, will be release except for the Memorandum of deposit of titled deeds which is reduced from Rs 375.094 million to Rs. 90 million. Lastly, bank vide letter dated March 27, 2017, bank has restructured the balance amount of Rs 39.8 million into a four year long term loan payable in 24 installments with markup accruing at cost of the funds at rate of transaction period prescribed by SBP. The cost of fund so accrued shall be paid in two installments i.e. on December 15, 2019 and March 25, 2021.



6.2 Askari Bank Ltd. (Term Finance)

The company had entered into restructuring agreement with bank to restructure outstanding principal Rs. 327,093 million by entering into a Debt-Asset Swap (DAS arrangement) under which it adjust its principal liability by Rs 220.0 in through acquisition of entire Spinning Plant & Machinery along with loaner bank reducing the outstanding principal to Rs 107,093 million which shall be payable within 36 months. On completion of sale of machinery by bank, any remaining principal liability will required be paid on 31st December 2018. In case the remaining liability is not paid by the company within 36 months, the bank would consider other settlement options on month subject to its internal approval of Bank's competent authority. All the accrued markup of Rs 119,888 million upto 30th June 2018 will be waived off if the company pay the entire principal amount within time. The bank will modify the consent decree in the High Court of Sindh for recording of these modifications. The loan is secured by first part passu charge by way of mortgage of Rs 100m over company land and building, first part passu by way of hypothecation charge of Rs. 32 million over plant and machinery, ranking charge of Rs 40 m over receivables and personal guarantee of three directors. The charge over land & building will be reduced pursuant to the acquisition of 12.73 acres of land by UBL. Subsequent to the balance sheet date the bank has recalculated the loan payable in six year as disclosed in Note 15.

6.3 Bank Alfalah Ltd. (Term Finance)

Bank Alfalah Ltd had offered to restructure Term loan on December 09,2015 by decreasing initial installments amounts w.e.f March 2016 to facility the the company. All the remaining terms & conditions remains unchanged. Previously company had signed a restructuring agreement with Bank Alfalah Limited on 12th November 2012 through consent decree. The company will pay principal liability of Rs 190 million in 40 quarterly installments starting from 21st December 2012. The company will pay markup of Rs 83,000 million in six equal quarterly installments starting from 31 December 2010 for 18 years. The loan is secured by existing first part passu hypothecation charge over movable assets and book debts to the extent of Rs 40m and 2nd ranking charge on land, building and spinning machinery to the extent of Rs 216 million. Subsequent to the balance sheet date, under an arrangement with Bank Alfalah, the whole loan amount will be settled in six monthly installments starting from February 2018 at Rs 123 million.

6.4 Sindh Bank Ltd. (Term Finance)

The company had entered into restructuring agreement with bank to restructure the Outstanding liabilities (short term financing) by entering into a Debt-Asset Swap (DAS arrangement) under which it adjust its principal liability by Rs 85.0 in through acquisition of entire Spinning Plant & Machinery along with Askari Bank Ltd reducing the outstanding principal to Rs 195,627 million which shall be payable in 36 months from sale of machinery. On completion of sale of machinery by bank, any remaining principal liability will required be paid on 31st December 2018. All the accrued markup of Rs 68,228 million upto 30th June 2018 will be waived off if the company pay the entire principal amount as term of agreement, however, if the company unable to pay the principal amount within 2 years then the same shall stand reinstated as Term Finance Facility payable in 24 quarterly installments with markup to be charge at the rate of 3 month klibor or cost of funds whichever is lower. The facility is secured by first part passu charge over company's fixed assets amounting to Rs. 147 million, ranking charge over all current and fixed assets for Rs. 294 million, legal mortgage of Rs. 53 million over realted property of directors, hypothecation charge on stock and book debts and personal guarantee of directors. Subsequent to the balance sheet date, the entire loan is settled at Rs 173.75 million which is paid off by the company.

7 CONTINGENCIES AND COMMITMENTS

7.1 CONTINGENCIES

- 7.1.1 The Company with many other exporters filed a petition against the imposition of regulatory duty on its export of yarn. The court has granted interim stay order in favor of the company and allowed export of yarn without regulatory duty against post-dated cheques. The unpaid amount of regulatory duty was Rs 34,089 million.
- 7.1.2 The company has filed a suit in High Court of Sindh and obtained Stay Order against settlement of cross currency swap contracts of Rs. 833.5M 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 293.33 (64) has been made in the financial statements, as the legal opinion is favorable.
- 7.1.3 Cross corporate Guarantee issued in favor of subsidiary / associated company amounts to Rs.52.50 million.
- 7.1.4 The company has paid Rs.90,810 as ground rent against the demand of COGE of Rs. 3,629 m. The company has filed a case in Sindh high court. As per legal opinion, there is ample chance of favourable outcome.
- 7.1.5 Guarantee issued to Excise and Taxation Officer by bank on behalf of the company amounting to Rs.25.37 million.

8 PROPERTY, PLANT AND EQUIPMENT

Operating Assets

Capital Work In Progress- Advance to Supplier

	Rs.2,02,775	Rs.2,02,704
	3,891,000	-
	<u>Rs.4,01,775</u>	<u>Rs.2,02,704</u>



8 PROPERTY PLANT AND EQUIPMENTS

PARTICULARS	COST/ REVALUATION RUPEES					RATE %	DEPRECIATION RUPEES				M.D.V.	
	AS AT 01/01/2017	ADDITION	REVALUATION	DELETION	TRANSFER		AS AT 30/12/2017	AS AT 01/01/2017	FOR THE YEAR	REVALUATION	DELETION	AS AT 31/12/2017
OWNED:												
LAND	300,000	-				300,000,000		-			-	300,000,000
FACTORY BUILDING	19,400,000					19,400,000	6%	3,790,700	3,844,000		2,996,815	187,835,185
PLANT & MACHINERY-LEASED	43,420,000					43,420,000	6%	3,624,000	3,800,120		1,221,140	58,201,714
OFFICE EQUIPMENT	10,140,000					10,140,000	10%	2,222,000	121,270		2,273,270	2,867,770
FACTORY TOOLS & EQUIPMENT	4,000,000					4,000,000	10%	3,200,130	12,740		3,030,807	2,114,904
FURNITURE & FIXTURE	4,100,000					4,100,000	10%	4,023,619	76,380		4,711,808	1,483,700
MOTOR VEHICLE	11,100,000	1,300,000		(1,100,000)		11,300,000	20%	6,801,036	880,700	(1,410,000)	6,170,800	4,902,348
ARMS & AMMUNITION	47,375					47,375	10%	44,218	1,157		45,375	21,900
TOTAL RUPEES DEC - 2017	78,270,000	1,300,000	-	(1,100,000)	-	79,470,000		29,251,483	6,905,827	(1,420,800)	34,936,411	76,917,775

Depreciation has been allocated as under:

Manufacturing (Cost of Sales)
Administrative Expenses

	Dec-2017 RUPEES	June-2017 RUPEES
	1,781,974.88	13,217,467
	1,221,532	918,098
	6,053,326	14,136,165



Dec 31, 2017	Dec 31, 2016
RUPEES	RUPEES

9 OTHER FINANCIAL ASSETS

During the period, TDR of Rs 25.796 is held in the name of directors are now transferred in the name of the company.

10 OTHER OPERATING INCOME

Return on Bank Term Deposits-Others	897,771	517,531
Return on Bank Term Deposits-SCB	-	167,364
	897,771	684,895
Reduction in value of Plant & machinery takeover by bank	-	(48,546,048)
Gain/Loss on disposal of fixed assets	669,567	26,328
Lease of Land, building & Machinery	4,188,904	-
Rental Income	23,936,149	3,708,789
Trading Income	279,237	-
Others	10.1 11,800,000	-
Liabilities No Longer Payable - Creditors	911,206	37,607,700
	<u>42,642,884</u>	<u>(7,568,826)</u>

10.1 The receipt relates to investment under SRO 1065(f)/2013 and Clause 86-a(iii) of Part IV of Second Schedule in Paper Plant & Machinery and related items.

11 TRANSACTIONS WITH RELATED PARTIES

Purchase of Electricity	12,035,670	7,886,802
Rent Income	641,684	535,194
Purchase of machinery	-	45,500,000
	<u>12,677,354</u>	<u>83,915,996</u>

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

12 EVENT AFTER THE BALANCE SHEET DATE:

- 12.1 The loan from Sumeri Bank Ltd was paid off in Jan-18 at settlement amount of Rs 173.75 million with all markup waived.
 12.2 The loan from Bank Alifalah Ltd was settled for Rs 115 million payable in six installments till 31.07.2018.
 12.3 The loan from Aikari Bank Ltd was restructured and now payable in six years with first installment starting from Jan18.

13 DATE OF AUTHORIZATION FOR ISSUE:

12 7 FEB 2018

These financial information were authorized for issue on _____ by the board of directors of the company.

14 GENERAL

Figures have been rounded off to the nearest rupee.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

