

COMPANY INFORMATION

BOARD OF DIRECTORS

CHIEF EXECUTIVE : **M. WAQAR MONNOO**

DIRECTORS : MRS. GHAZALA WAQAR
MR. SIRAJ SADIQ MONNOO
MR. SYED EJAZUDDIN
MR. SYED AYAZUDDIN
MR. SYED INAMUDDIN AHMED
MR. MUHAMMAD ANWAR SAIGAL

AUDIT COMMITTEE MEMBERS

CHAIRMAN (NON-EXECUTIVE) : MR. SYED INAMUDDIN AHMED
MEMBER (NON-EXECUTIVE) MR. SYED EJAZUDDIN
MEMBER (NON-EXECUTIVE) MRS.GHAZALA WAQAR

HUMAN RESOURCE & REMUNERATION (HR & R) COMMITTEE

CHAIRMAN (NON-EXECUTIVE) MR. SYED EJAZUDDIN
MEMBER (NON-EXECUTIVE) MRS.GHAZALA WAQAR
MEMBER (NON-EXECUTIVE) MR. SYED INAMUDDIN AHMED

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
ALLIED BANK OF PAKISTAN
BANK AL-FALAH LTD.

PRINCIPAL/REGISTERED OFFICE : E/3, FARZANA BUILDING, 1ST FLOOR,
BLOCK 7 & 8, K.C.H.S. UNION LTD.,
SHAHEED-E-MILLAT ROAD,
KARACHI-75350

MILLS AT : PLOT NO. H/23/3, LANDHI INDUSTRIAL AREA,
LANDHI, KARACHI.

OLYMPIA SPINNING & WEAVING MILLS LIMITED
DIRECTORS REPORT

The Directors have pleasure in presenting their un-audited accounts of the Company for half year ended December 31, 2013. During the period under review the amount of sales (net) was Rs.1,302,302,406/- as compared to previous corresponding period sales of Rs.1,254,989,476/- which shows an increase of 3.76 % over previous period sales.

| | HALF YEAR ENDED | | QUARTER ENDED | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | December 31, 2013 RUPEES | December 31, 2012 RUPEES | December 31, 2013 Rupees | December 31, 2012 Rupees |
| Sales | 1,302,302,406 | 1,254,989,476 | 707,490,854 | 646,080,963 |
| Cost of sales | <u>(1,302,206,501)</u> | <u>(1,193,442,554)</u> | <u>(751,626,601)</u> | <u>(656,297,249)</u> |
| Gross profit / (loss) | 95,906 | 61,546,922 | (44,135,747) | (10,216,286) |
| Distribution Cost | (14,142,804) | (17,583,424) | (8,530,344) | (8,555,606) |
| Administrative expenses | (20,014,854) | (20,223,134) | (10,359,293) | (9,554,511) |
| Other operating income | 17,016,872 | 7,921,683 | 8,950,727 | 4,133,523 |
| | <u>(17,140,786)</u> | <u>(29,884,874)</u> | <u>(9,938,910)</u> | <u>(13,976,595)</u> |
| Operating profit/ (Loss) | (17,044,880) | 31,662,048 | (54,074,656) | (24,192,881) |
| Finance cost | (62,979,019) | (81,405,940) | (31,935,883) | (41,819,440) |
| Loss before taxation | (80,023,899) | (49,743,893) | (86,010,539) | (66,012,321) |
| Taxation: | | | | |
| Current | (13,402,185) | (11,535,324) | (7,454,069) | (5,446,239) |
| Loss after taxation | (93,426,084) | (61,279,217) | (93,464,609) | (71,458,560) |
| Earnings /(Loss) per share-Basic and diluted (Rupees) | <u>(7.79)</u> | <u>(5.11)</u> | <u>(7.79)</u> | <u>(5.95)</u> |

Financial Results

The financial results for half year ended December 31, 2013 have resulted in net loss after tax of Rs. 93,426,084/-. Gross profit percentage has decreased from 4.9% to 0.01 % as compared to the previous corresponding period. The main reason of reduced profitability is the unavailability of working capital which results in higher purchase cost. The comparison between spinning mills making profit and those having losses reveals that availability of adequate working capital is the main cause for lose making spinning units. The shortage of working capital restrains us to stock cheap cotton at peak cotton season where cotton prices are at their minimum level. The spinning mill like us with acute working capital shortage have no choice but to procure expensive cotton throughout the year which makes a heavy dent in our profitability. Also the heavy burden of debt in form of markup and principal payments dried out nearly all of our liquidity. The company in the past and during the period has made several request to its bankers for opening lines for working capital but banks seems not reluctant to offer us any working capital lines. This situation creates very tough time for managing our business efficiently. The other reasons of loss includes, continuous rising prices of energy, gas load shedding ,increasing dollar rate and double digit general inflation which increases cost of other inputs.

During the period, the company successfully entered into a restructuring agreement with United Bank Limited as disclose in note 5 which is settled amicably through a consent decree.The auditors repeat their last year remarks in their review report regarding financial stability of the company. We are very hopeful that we will get out of the financial crises as discussed in note 1.2.

FUTURE PROSPECTS:

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

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

For and on behalf of the Board

Karachi: 28th February, 2014

M.WAQAR MONNOO
Chief Executive/Director

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

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

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

Email Address: mushtaq_vohra@hotmail.com



Illinois, USA

Auditor's Report to the Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Olympia Spinning & Weaving Mills Limited** as at December 31, 2013, 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 (herein-after referred to as the "interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information 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, 2013 and December 31, 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2013.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information for the half year ended December 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Without qualifying our opinion, we draw attention to the Note 1.2 in the interim financial statements which indicate that the company incurred a net loss of Rs. 93.426 during the period ended December 31, 2013 and as of that day current liabilities exceed current assets by Rs. 612.337 million. These conditions along with other matters specified in note 1.2 indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.

KARACHI:

Date: _____

MUSHTAQ & COMPANY

Chartered Accountants

Engagement Partner:

Mushtaq Ahmed Vohra

F.C.A

OLYMPIA SPINNING & WEAVING MILLS LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2013

| | Un-Audited | Audited |
|--|------------------------------|--------------------------|
| NOTES | DECEMBER 31, 2013 | JUNE 30, 2013 |
| | RUPEES | RUPEES |
| EQUITY AND LIABILITIES | | |
| SHARE CAPITAL AND RESERVES | | |
| Authorised capital 13,000,000 (2013: 13,000,000) Ordinary shares of Rs.10 each. | 130,000,000 | 130,000,000 |
| Issued, subscribed and paid up capital | 120,000,000 | 120,000,000 |
| General reserve | 3,580,053 | 3,580,053 |
| Unappropriated loss | (1,054,457,643) | (968,730,606) |
| | (930,877,590) | (845,150,553) |
| Surplus on revaluation of property, plant and equipment | 1,112,274,415 | 1,119,973,462 |
| NON CURRENT LIABILITIES | | |
| Long term financing | 1,106,789,022 | 1,144,389,474 |
| Deferred liabilities | 7,562,167 | 9,390,368 |
| CURRENT LIABILITIES | | |
| Trade and other payables | 613,473,701 | 750,380,531 |
| Accrued Markup | 42,700,771 | 63,828,657 |
| Short-term borrowings | 397,249,077 | 193,953,347 |
| Current portion of | | |
| - long term financing | 107,947,872 | 76,229,662 |
| - liabilities against asset subject to finance lease | - | 1,994,349 |
| | 1,161,371,420 | 1,086,386,546 |
| CONTINGENCIES AND COMMITMENTS | | |
| | - | - |
| | 2,457,119,435 | 2,514,989,297 |
| ASSETS | | |
| NON CURRENT ASSETS | | |
| Property, plant and equipment | 1,904,677,075 | 1,956,218,462 |
| Long term deposit | 3,408,482 | 3,408,482 |
| CURRENT ASSETS | | |
| Stores, spare parts and loose tools | 18,038,864 | 65,003,407 |
| Stock in trade | 300,290,885 | 253,966,406 |
| Trade debts | 45,630,716 | 59,911,512 |
| Other financial assets | 8,300,000 | 8,300,000 |
| Loans and advances | 58,746,060 | 55,303,239 |
| Income tax and sales tax refundable | 72,063,977 | 69,757,152 |
| Other receivables | 38,229,553 | 37,831,795 |
| Cash and bank balances | 7,733,823 | 5,288,842 |
| | 549,033,878 | 555,362,352 |
| | 2,457,119,435 | 2,514,989,297 |

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

CHIEF EXECUTIVE

DIRECTOR

Karachi

Dated: February 28, 2014

OLYMPIA SPINNING & WEAVING MILLS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

| | HALF YEAR ENDED | | QUARTER ENDED | |
|--|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2013 | December 31, 2012 | December 31, 2013 | December 31, 2012 |
| | RUPEES | RUPEES | Rupees | Rupees |
| Sales | 1,302,302,406 | 1,254,989,476 | 707,490,854 | 646,080,963 |
| Cost of sales | (1,302,206,501) | (1,193,442,554) | (751,626,601) | (656,297,249) |
| Gross profit / (loss) | 95,906 | 61,546,922 | (44,135,747) | (10,216,286) |
| Distribution Cost | (14,142,804) | (17,583,424) | (8,530,344) | (8,555,606) |
| Administrative expenses | (20,014,854) | (20,223,134) | (10,359,293) | (9,554,511) |
| Other operating income | 17,016,872 | 7,921,683 | 8,950,727 | 4,133,523 |
| | (17,140,786) | (29,884,874) | (9,938,910) | (13,976,595) |
| Operating profit/ (loss) | (17,044,880) | 31,662,048 | (54,074,656) | (24,192,881) |
| Finance cost | (62,979,019) | (81,405,940) | (31,935,883) | (41,819,440) |
| Loss before taxation | (80,023,899) | (49,743,893) | (86,010,539) | (66,012,321) |
| Taxation: | | | | |
| Current | (13,402,185) | (11,535,324) | (7,454,069) | (5,446,239) |
| Loss after taxation | (93,426,084) | (61,279,217) | (93,464,609) | (71,458,560) |
| (Loss) per share-Basic and diluted (Rupees) | (7.79) | (5.11) | (7.79) | (5.95) |

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

CHIEF EXECUTIVE

DIRECTOR

Karachi:

Dated: February 28, 2014

OLYMPIA SPINNING & WEAVING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

| | HALF YEAR ENDED | | QUARTER ENDED | |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| | December 31, 2013 | December 31, 2012 | December 31, 2013 | December 31, 2012 |
| | RUPEES | RUPEES | Rupees | Rupees |
| Loss for the period after taxation | (93,426,084) | (61,279,217) | (93,464,609) | (71,458,560) |
| Other comprehensive income: | - | - | - | - |
| Total comprehensive loss for the period | <u>(93,426,084)</u> | <u>(61,279,217)</u> | <u>(93,464,609)</u> | <u>(71,458,560)</u> |

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

CHIEF EXECUTIVE

DIRECTOR

Karachi

Dated: February 28, 2014

OLYMPIA SPINNING & WEAVING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

| | Share Capital | Revenue Reserve | Capital Reserve | Accumulated (Loss) | Total |
|---|--------------------|--------------------|--------------------|------------------------|----------------------|
| Balance as at July 01, 2012 | 120,000,000 | 3,580,053 | 44,665,822 | (863,980,593) | (695,734,718) |
| Total comprehensive loss for the half year ended 31 December 2012 | - | - | - | (61,279,217) | (61,279,217) |
| Transfer from surplus on revaluation of property, plant and equipment for the half year ended 31 December 2012 | - | - | - | 5,702,693 | 5,702,693 |
| Realisation of surplus on revaluation of property, plant and equipment on disposal | - | - | - | 1,451,019 | 1,451,019 |
| Balance as at December 31, 2012 | 120,000,000 | 3,580,053 | 44,665,822 | (918,106,097) | (749,860,223) |
| Total comprehensive loss for the period from January 01, 2013 to June 30, 2013 | - | - | - | (55,370,790) | (55,370,790) |
| Transfer from surplus on revaluation of property, plant and equipment for the period January 01, 2013 to June 30, 2013 on account of incremental depreciation | - | - | - | 5,731,665 | 5,731,665 |
| Realisation of Surplus on revaluation of property, plant and equipment on disposal | - | - | - | (985,383) | (985,383) |
| Reserve reversed on account of gift back of shares | - | - | (44,665,822) | - | (44,665,822) |
| Balance as at June 30, 2013 | 120,000,000 | 3,580,053 | - | (968,730,606) | (845,150,553) |
| Total comprehensive loss for the half year ended 31 December, 2013 | - | - | - | (93,426,084) | (93,426,084) |
| Transfer from surplus on revaluation of property, plant and equipment for the half year ended 31 December, 2013 on account of incremental depreciation | - | - | - | 5,421,805 | 5,421,805 |
| Realisation of Surplus on revaluation of property, plant and equipment on disposal | - | - | - | 2,277,242 | 2,277,242 |
| Balance as at December 31, 2013 | 120,000,000 | 3,580,053 | - | (1,054,457,643) | (930,877,590) |

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

CHIEF EXECUTIVE

DIRECTOR

Karachi:

Dated: February 28, 2014

OLYMPIA SPINNING & WEAVING MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

| | December-2013 | December-2012 |
|--|-------------------------|-------------------------|
| | RUPEES | RUPEES |
| CASH GENERATED FROM OPERATION | | |
| Loss before taxation | (80,023,899) | (49,743,893) |
| Adjustment for non cash charges and other items: | | |
| Depreciation | 27,458,997 | 30,628,250 |
| Finance cost | 62,979,019 | 81,405,940 |
| (Gain)/loss on disposal of fixed assets | (1,824,893) | 771,201 |
| Provision for Gratuity | 1,530,349 | 714,961 |
| | <u>90,143,473</u> | <u>113,520,352</u> |
| Operating Profit before working capital changes | 10,119,574 | 63,776,460 |
| (Increase)/decrease in current assets: | | |
| Stocks, stores and spares | 640,063 | (95,289,906) |
| Trade debts | 14,280,796 | 14,823,779 |
| Short term investment | - | 10,443,212 |
| Loan and advances | (3,442,821) | (5,501,471) |
| Sales tax | (1,660,993) | 12,619,310 |
| Other receivables | (397,758) | (13,731,669) |
| | <u>9,419,287</u> | <u>(76,636,745)</u> |
| Increase/(Decrease) in current liabilities: | | |
| Trade and other payables | (136,906,830) | 38,221,265 |
| Cash generated from operations | <u>(117,367,969)</u> | <u>25,360,979</u> |
| Taxes paid | (14,048,017) | (13,360,824) |
| Finance cost paid | (84,106,906) | (84,773,522) |
| Gratuity-net | (3,358,550) | (2,900,900) |
| Long term deposits | - | 1,649,700 |
| | <u>(101,513,473)</u> | <u>(99,385,547)</u> |
| Net cash generated from operating activities | (218,881,441) | (74,024,568) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Proceeds from disposal of property, plant and equipment | 64,000,000 | 4,555,000 |
| Fixed capital expenditure | (38,092,716) | (8,174,832) |
| Net cash generated from / (used in) investing activities | 25,907,283 | (3,619,832) |
| CASH FLOW FORM FINANCING ACTIVITIES | | |
| Long term finance | (5,882,241) | 147,541,180 |
| Short term finance | 203,295,730 | (62,619,885) |
| Repayment of lease liabilities | (1,994,349) | (7,107,803) |
| Net cash generated from financing activities | <u>195,419,139</u> | <u>77,813,492</u> |
| Net increase in cash and cash equivalents | 2,444,981 | 169,092 |
| Cash and cash equivalents at the beginning of the period | 5,288,842 | 7,353,383 |
| Cash and cash equivalents at the end of the period | <u>7,733,823</u> | <u>7,522,475</u> |

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

CHIEF EXECUTIVE

DIRECTOR

Karachi:

Dated: February 28, 2014

OLYMPIA SPINNING & WEAVING MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2013 (UN-AUDITED)

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** The company was incorporated in Pakistan as a public limited company on October 28, 1960 under the Companies Act, 1913 (Now the Companies Ordinance, 1984), 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** The company has incurred a loss for the period ended December 31, 2013 of Rupees 93.426 million (June 30, 2013: Rupees 107.623 million) and as of that date, reported accumulated losses of Rupees 1054.457 million (June 30, 2013: Rupees 968.730 million). The current liabilities exceeded its current assets by Rupees 612.337 million (June 30, 2013: Rupees 531.024 million) as of that date. These conditions along with adverse key financial ratios and legal cases against the company as mentioned in note 6.1 (contingencies and commitment) indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. On the basis of five year plan for expansion and increase in sales volume and profitability, management is confident that with better manufacturing facilities and continuous support from directors, they would improve the financial position and restore its profitability. During the period, company has made expansion to building, plant & machinery to increase in profitability. Banking facilities with United Bank Limited for rescheduling / restructuring has been finalized. Directors of the company have committed that in case, the decision of the high court and banking court is against the company they will provide finance from their own resources to meet the obligation. Accordingly, these interim financial statements have been prepared on going concern assumption.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard "IAS" 34 'Interim Financial Reporting' as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended 30 June, 2013.

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

This 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, 2013 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, 2013.

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 2013.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

- 4.2 Judgments and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements for the year ended 30 June, 2013.
- 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 2013.

| | Note | DECEMBER 31, 2013 RUPEES | JUNE 30, 2013 RUPEES |
|---|------|--------------------------------|-----------------------------|
| 5 LONG TERM FINANCING | | | |
| United Bank Limited | 5.1 | 667,281,092 | 642,720,983 |
| Askari Bank Limited | | 343,439,305 | 357,198,661 |
| Summit Bank Limited | | 15,000,000 | 20,000,000 |
| Bank Alfalah Limited | | 168,000,000 | 177,000,000 |
| | | <u>1,193,720,397</u> | <u>1,196,919,644</u> |
| Directors / Sponsors loan | | 21,016,498 | 23,699,492 |
| | | <u>1,214,736,894</u> | <u>1,220,619,136</u> |
| Current maturity of long term financing | | <u>(107,947,872)</u> | <u>(76,229,662)</u> |
| | | <u>1,106,789,022</u> | <u>1,144,389,474</u> |

- 5.1 United Bank Limited has rescheduled all the markup bearing loans on September 14, 2013 at the request of the company with effect from January 01, 2013. All principal accounts (NIDF, NIDF-I to NIDF-IV shall be merged into single account. Markup for 2.5 years starting from January 01, 2013 to June 30, 2015 shall be deferred and to be paid after full adjustment of principal liability for June 2020 onwards. During deferment period of markup, the existing quarterly principal installments shall be increased by 50 %. The quarterly markup accrued from July 01, 2015 onwards shall be bifurcated into 80:20. The 80 % payment of accrued quarterly markup shall be diverted towards adjustment of principal and remaining 20 % payment shall be taken to markup expense. The existing markup rate i.e. 3 months KIBOR + 1% shall be revised to 3 months KIBOR, w.e.f. January 01, 2013. After full adjustment of principal liability the deferred markup along with frozen markup (NIDF V & NIDF VI) shall be paid in 11 quarterly installments commencing from June 30, 2023. The above modification shall also be incorporated in the consent decree by filling a joint application in the court.

6 CONTINGENCIES AND COMMITMENTS

6.1 CONTINGENCIES

- 6.1.1 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 million 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 million has been made in the financial statements, as the legal opinion is favorable.
- 6.1.2 The Company with many other exporters filed a petition against the imposition of regulatory duty on its export of yarn. The court has granted interim stay order in favor of the company and allowed export of yarn without regulatory duty against post dated cheques. The unpaid amount of regulatory duty was Rs. 24.089 million.
- 6.1.3 Cross corporate guarantee issued in favor of subsidiary/associated company amounts to Rs. 52.5 million.
- 6.1.4 Guarantee issued to Excise and Taxation Officer by bank on behalf of the company amounting to Rs.25.37 million.

| | DECEMBER 31, 2013 RUPEES | JUNE 30, 2013 RUPEES |
|------------------------|--------------------------------|----------------------------|
| 6.2 COMMITMENTS | | |
| Capital Commitments | 60,000,000 | - |
| Letter of credit | 82,477,025 | 16,150,987 |

7 ACQUISITION AND DISPOSAL OF FIXED ASSETS

| | (UN-AUDITED) | | (AUDITED) | |
|---------------------------|-------------------------|-------------------|---------------------|------------------|
| | December 31,2012 | | JUNE 30,2013 | |
| | Acquisition | Disposal | Acquisition | Disposal |
| | Rupees | | Rupees | |
| Factory building | 25,000 | - | 2,038,796 | - |
| Plant and machinery | 28,847,807 | 67,485,741 | 22,305,556 | 6,248,797 |
| Office equipment | 1,766,600 | - | 669,336 | - |
| Factory tools & equipment | 57,950 | - | - | - |
| Furniture and fixture | - | - | 70,400 | - |
| Motor vehicles | 450,000 | - | 344,925 | 887,000 |
| Electric & pipe fitting | 20,875 | - | 10,000 | - |
| Capital work in progress | 9,508,020 | - | 2,583,536 | - |
| Total | 40,676,252 | 67,485,741 | 28,022,549 | 7,135,797 |

8 STOCK IN TRADE

The carrying value of pledge stock amounts to Rs.187,068,656/-

| | (UN-AUDITED) | (UN-AUDITED) |
|---|----------------------|----------------------|
| | December-2013 | December-2012 |
| | RUPEES | RUPEES |
| 9 TRANSACTIONS WITH ASSOCIATED UNDERTAKING | | |
| Electricity purchased | 200,885,927 | 141,455,854 |
| Stores & spares sold | 50,108,202 | - |
| | 250,994,129 | 141,455,854 |

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

10 EVENT AFTER THE BALANCE SHEET DATE:

There were no significant event since the balance sheet date.

11 DATE OF AUTHORISATION FOR ISSUE:

These financial information were authorised for issue on **February 28, 2014** by the board of directors of the company.

12 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR

Karachi:

Dated: February 28, 2014