

ANNUAL REPORT 2012

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CORPORATE INFORMATION

| | | |
|---------------------------|--|--|
| REGISTERED OFFICE | Amin Court, 6 th Floor 62-63, Motijheel C/A Dhaka-1000, Bangladesh Tel : +880-2-9565228 Fax : +880-2-9567485 Email : secretariat2@olympicbd.com info@olympicbd.com Website : www.olympicbd.com | |
| FACTORIES | Biscuit, Confectionery and Bakery : Madanpur, Keodhala, Bondar, Narayanganj : Lolati, Kanchpur, Sonargaon, Narayanganj | |
| | Battery, Ball Point Pen, Cereal Bar : Kutubpur, Kanchpur, Bondar, Narayanganj | |
| LISTINGS | Dhaka Stock Exchange Limited, June 9, 1984 Chittagong Stock Exchange Limited, September 19, 1996 | |
| MEMBERSHIPS | Bangladesh Association of Publicly Listed Companies Metropolitan Chamber of Commerce and Industry Bangladesh-Malaysia Chamber of Commerce and Industry Bangladesh Auto Biscuits and Bread Manufacturers Association Bangladesh Agro Processors Association India-Bangladesh Chamber of Commerce and Industry Intellectual Property Association of Bangladesh | |
| SHARE STRUCTURE | Number of shareholders – 11,240 Authorized Capital – Tk.1,000,000,000.00 Paid-up Capital – Tk.522,408,750.00 Face Value – Tk.10.00, Effective from December 04, 2011 Market Lot – 500 Shares Start of Demat Trading – June 15, 2004 | |
| STATUTORY AUDITORS | M/s. M. J. Abedin & Co., Chartered Accountants | |
| BANKERS | Agrani Bank Limited, Amin Court Corporate Branch, Dhaka The City Bank Limited, Principal Office, Dhaka United Commercial Bank Limited, Principal Branch, Dhaka Habib Bank Limited, Motijheel Branch, Dhaka | |

MILESTONES

| | |
|-----------------------|---|
| June 1979 | : Incorporation as Bengal Carbide Limited |
| April 1982 | : Commencement of UM-1 Battery production |
| June 1984 | : Listing on Dhaka Stock Exchange Limited |
| September 1987 | : Commencement of Soyabean Oil and Vegetable Ghee production (Currently not in Operation) |
| September 1991 | : Commencement of Palm Oil and Olein production (Currently not in Operation) |
| August 1995 | : Commencement of UM-3 Battery production |
| June 1996 | : Change of name to Olympic Industries Limited |
| September 1996 | : Listing on Chittagong Stock Exchange Limited |
| December 1996 | : Commencement of Biscuit and Confectionery production |
| January 1998 | : Commencement of Ball Point Pen production |
| November 1998 | : Commencement of Electric Bulb production (Currently not in Operation) |
| July 1999 | : Joined BAPLC |
| July 2003 | : Commencement of production in second Biscuit Line |
| October 2004 | : Commencement of production of Metal Jacket UM-3 Battery |
| July 2008 | : Commencement of production in third Biscuit Line |
| August 2008 | : Amalgamation of Tripti Industries Limited with Olympic Industries Limited |
| November 2009 | : Commencement of production of UM-4 Battery |
| March 2010 | : Received HACCP Certification |
| September 2010 | : Commencement of production in fourth Biscuit Line |
| January 2011 | : Commencement of production of Cereal Bar |
| July 2012 | : Received NBR Award for Payment of Highest VAT in Production Sector at National Level for 2010-2011 Financial Year |
| August 2012 | : Commencement of production in fifth Biscuit Line |
| November 2012 | : Execution of Supply Agreement with GlaxoSmithKline for production of Horlicks brand biscuits and cookies |

BOARD OF DIRECTORS AND MANAGEMENT



Mr. Mohammad Bhai, Chairman

A renowned industrialist and reputed businessman, Mohammad Bhai was born in Kanpur, India and migrated to Dhaka before independence. He has been doing business in Bangladesh since 1948; he was a pioneer of the Bangladesh steel industry, establishing the country's first steel mill in 1959. In addition to his vast industrial experience, Mohammad Bhai is a former president of the Dhaka Chamber of Commerce & Industry and served as president of the Aga Khan Supreme Council for Bangladesh for more than two decades.



Mr. Mubarak Ali, Managing Director

Mubarak Ali is a truly dedicated business personality and has been an industrial entrepreneur for over 40 years. He has been the managing director of Olympic since its inception and is solely credited with its success to date. In addition to his business accomplishments, he is a former vice president and treasurer of the Lions Club, an executive committee member of the Bangladesh Association of Publicly Listed Companies as well as the Bangladesh Auto Biscuits and Bread Manufacturers Association. Mubarak Ali is also a former chairman of Aga Khan Foundation National Committee, Bangladesh.



Mrs. Khatija Mohammad Bhai, Director

Khatija Mohammad Bhai, wife of Mohammad Bhai and mother of Aziz Mohammad Bhai, is a sponsor of the Olympic. She has been included as a member of the board of the directors as the nominee director of M/s Ambee Limited, an associate company. She is also a sponsor of Ambee Pharmaceuticals, where she acted, until recently, as a director since its inception.



Mr. Aziz Mohammad Bhai, Director

Aziz Mohammad Bhai is a charismatic personality and a successful industrial entrepreneur in Bangladesh. He was actively engaged in the management of a steel producer for more than three decades and has been an innovator in the local pharmaceutical manufacturing industry with Ambee Pharmaceuticals. In addition to his long list of business accomplishments, Aziz Mohammad Bhai is a life member of the SAARC Chamber of Commerce.



Mrs. Safinaz Bhai, Director

Safinaz Bhai, a British citizen, has completed her education in the UK and has been involved in various business and social institutions since moving to Bangladesh in 1980. She is also a director of Quantum Electronics, an official Panasonic dealer since 1986 and RMB Fisheries. An avid bridge player, she has represented Bangladesh at various tournaments, both locally and internationally.



Mr. Munir Ali, Director

Munir Ali, educated in the US at Indiana University, has been involved in the development of the company's biscuit and confectionery businesses. Mr. Ali is the founder and managing director of Asia Commodity Ltd and a director of Interglobe Aviation (BD) Ltd.



Mr. Sharif M. Afzal Hossain, Independent Director

Sharif M. Afzal Hossain has been appointed as an independent director of Olympic on October 23, 2010. He has a long involvement with business and industry associations; he is the incumbent president of the Bangladesh Specialized Textile Mills & Powerloom Industries Association as well as the Spain-Bangladesh Chamber of Commerce and Industry. He is also a former president of the Bangladesh Chamber of Industries as well as a former member of FBCCI and has led many trade and business delegations of Bangladesh to various countries around the world.

Company Secretary & Executive Director

Mr. Md. Nazimuddin

Audit Committee

Mr. Sharif M. Afzal Hossain, Chairman

Mr. Mubarak Ali

Mr. Aziz Mohammad Bhai

BOARD OF DIRECTORS AND MANAGEMENT

Management Team

Mr. Madad Ali Virani, Executive Director, Operations
Mr. Md. Nazimuddin, Executive Director, Corporate Affairs
Mr. Harun-Al-Rashid, General Manager, Accounts & Finance
Mr. Quazi Touhiduzzaman, General Manager, Marketing & Sales
Mr. Altaf Hamid, Deputy General Manager, Admin & HR
Mr. S. R. Mondal, Deputy General Manager, Accounts & Taxation
Mr. Mazharul Hasan Khan, Deputy General Manager, Legal Affairs
Mr. A.B.M. Abdul Hakim, Deputy General Manager, Import & Procurement
Mr. Enamul Kabir, Head of Internal Audit

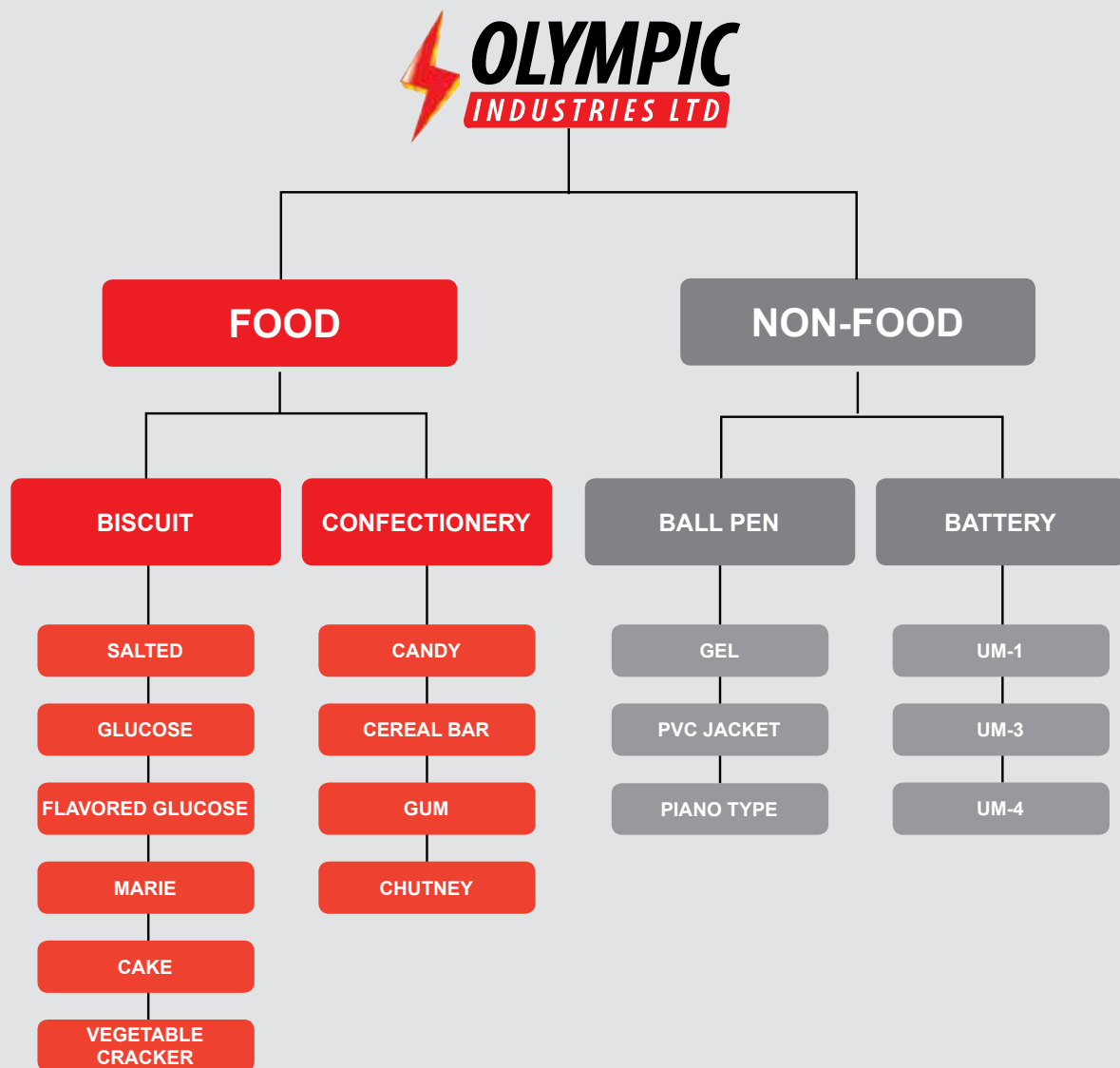
Factory Management

Mr. Nazrul Islam, Battery and Ball Pen, Kutubpur
Mr. Feroze Huda, Biscuit, Confectionery and Bakery, Madanpur
Mr. Arman Mahmud, Biscuit, Lolati
Mr. Roshan Ali Lakhani, Cereal Bar

BRAND VALUES



PRODUCTS



SUMMARY OF KEY OPERATING AND FINANCIAL DATA

Condition 1.5 (xviii) of SEC's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated August 7, 2012 on Corporate Governance Guidelines.

(Amount in Taka)

| | Year ended June 30, 2012 | Year ended June 30, 2011 | Year ended June 30, 2010 | Year ended June 30, 2009 | Year ended June 30, 2008 | Year ended June 30, 2007 |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Share Information | | | | | | |
| Face value per share | 10.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| Number of Authorized Shares | 100,000,000 | 10,000,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 |
| Number of Shares Subscribed and Paid up | 52,240,875 | 3,482,725 | 2,321,817 | 1,934,848 | 1,729,376 | 1,729,376 |
| Average Market Price Per Share: Dhaka Stock Exchange | 127.14 | 1,889.38 | 1,816.00 | 631.65 | 400.95 | 146.67 |
| Chittagong Stock Exchange | 126.31 | 1,896.02 | 1,810.00 | 634.34 | 397.75 | 141.00 |
| Number of Shareholders | 11,240 | 10,237 | 8,840 | 9,092 | 10,207 | 10,950 |

(Amounts except in Bold and Ratios are in Million Taka)

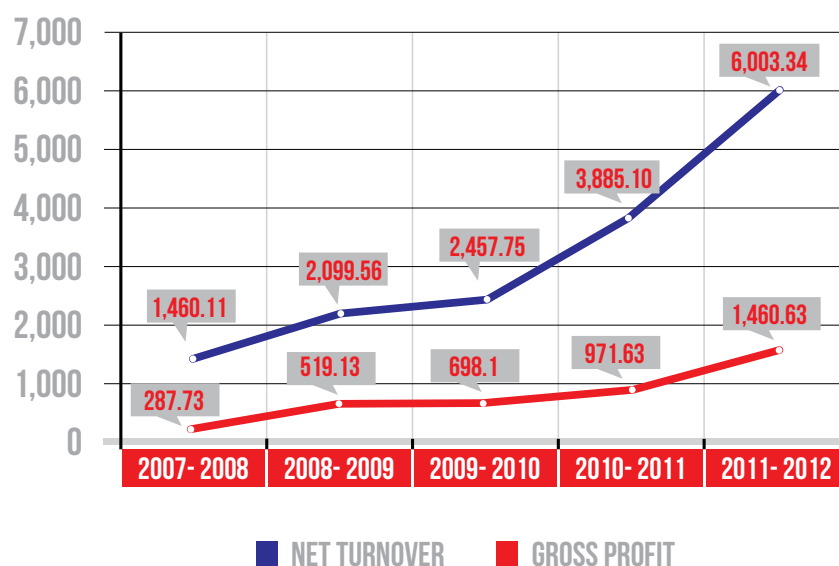
| | | | | | | |
|---------------------------------|-------------|--------------|--------------|--------------|--------------|--------------|
| Operating Results | | | | | | |
| Net Turnover | 6,003.34 | 3,885.10 | 2,457.75 | 2,099.56 | 1,460.11 | 1,058.69 |
| Gross Profit | 1,460.63 | 971.63 | 698.10 | 519.13 | 287.73 | 190.65 |
| Net Profit before Tax | 650.86 | 353.39 | 263.68 | 176.82 | 62.68 | 44.14 |
| Net Profit after Tax | 465.22 | 256.21 | 191.17 | 128.80 | 45.28 | 32.57 |
| Earnings Per Share (EPS) | 8.91 | 4.90* | 54.89 | 55.48 | 23.41 | 18.84 |

* Earning Per Share (EPS) of Tk.73.57 has been diluted to Tk.4.90 after distribution of 50% Stock Dividend and conversion of Face Value per share from Tk.100.00 to Tk.10.00.

(Amounts except in Bold and Ratios are in Million Taka)

| | Year ended June 30, 2012 | Year ended June 30, 2011 | Year ended June 30, 2010 | Year ended June 30, 2009 | Year ended June 30, 2008 | Year ended June 30, 2007 |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Distribution of Profit | | | | | | |
| Cash Dividend Per Share (Tk.) | 1.00 | 10.00 | 10.00 | 10.00 | 16.00 | 11.00 |
| Bonus Share | 50% | 50% | 50% | 20% | -- | -- |
| Financial Position: | | | | | | |
| Total Assets | 2,591.24 | 1,850.32 | 1,361.91 | 996.28 | 765.41 | 665.34 |
| Total Current Assets | 1,389.39 | 1,076.07 | 797.33 | 541.40 | 492.95 | 422.66 |
| Liabilities and Provisions | 1,037.54 | 862.24 | 651.07 | 490.10 | 324.37 | 261.91 |
| Total Current Total shareholders' Equity | 1,168.61 | 743.41 | 526.19 | 354.37 | 322.65 | 296.38 |
| Current Ratio | 1.34 : 1 | 1.25 : 1 | 1.22 : 1 | 1.10 : 1 | 1.52 : 1 | 1.61 : 1 |
| Capitalization | | | | | | |
| Authorized Capital | 1,000.00 | 1,000.00 | 250.00 | 250.00 | 250.00 | 250.00 |
| Paid Up Capital | 522.41 | 348.27 | 232.18 | 193.48 | 172.93 | 172.93 |
| Shareholders Equity Per share | 22.37 | 213.46 | 226.63 | 183.15 | 186.57 | 171.38 |

COMPARISON OF NET TURNOVER AND GROSS PROFIT (IN MILLION TAKA)



NOTICE OF 33RD ANNUAL GENERAL MEETING

Notice is hereby given that the 33rd Annual General Meeting of the shareholders of Olympic Industries Limited will be held on Thursday, December 27, 2012 at 10:00 A.M. at the battery factory premises of the company at Kutubpur, Kanchpur, Bondar, Narayanganj to transact the following business :

AGENDA

1. To receive, consider and adopt the audited accounts for the year ended June 30, 2012 and the Reports of Directors and Auditors thereon.
2. To consider and approve the payment of 50% Stock Dividend i.e. 1 (one) Ordinary Share for every 2 (two) Ordinary Shares held and 10% Cash Dividend to the shareholders for the year ended June 30, 2012 as recommended by the board of directors.
3. To consider reappointment of Mr. Mubarak Ali, managing director for next term of 5 (five) years
4. To consider reappointment of Mr. Munir Ali, director.
5. To consider ratification of appointment of Mrs. Khatija Mohammad Bhai, nominated director of Ambee Ltd. in the company.
6. To consider re-fixation of House Rent of chairman and managing director.
7. To approve the appointment of Mr. Sharif M. Afzal Hossain, independent director for a period of 3 (three) years and payment of remuneration to him.
8. To reappoint continuing auditors M/s. M. J. Abedin & Co., for the year ending on June 30, 2013 and to fix up their remuneration.
9. To transact any other business of the company with the permission of the Chairman.

By Order of the Board

Dated : December 5, 2012



Md. Nazimuddin
Company Secretary & Executive Director

Notes:

1. The Record Date for entitlement of approved Stock and Cash Dividend is November 22, 2012.
2. The Proxy Form, if used, is to be deposited bearing Revenue Stamp of Tk.10.00 at the Registered Office of the company at least 48 hours before the meeting. Proxy must be a shareholder of the company.
3. Admission to the meeting venue will be on production of the Attendance Slip, duly signed. Children and non-members are not allowed to attend the meeting. The Attendance Slip and Proxy Form will be sent with the Annual Report. The signature of Proxy is to be verified by the shareholder appointing the proxy.
4. Change of address, if any, may be informed in writing to the company.
5. If any shareholder has any question on the accounts and on the directors' and auditors' reports thereon, the same must be submitted at the Registered Office of the company at least 72 hours before the meeting to facilitate providing proper response.

CHAIRMAN'S MESSAGE TO SHAREHOLDERS

Dear Shareholders,

It is with great pleasure that I welcome you to our 33rd Annual General Meeting and present to you our annual report for the fiscal year ended June 30, 2012. I would like to take this opportunity to thank you, our shareholders, for your support, guidance and loyalty over the years.


During the year, we have expanded our biscuit production capacities through the import of an additional biscuit line from Italy and India in preparation of growing demand for our products. We have also expanded our confectionery production capacities through the import of an additional depositor candy line which has also been brought into commercial production. Demand for confectionery products in Bangladesh is growing and it appears that this sector will experience growth in line with or moderately higher than overall agro-food growth rates.

The landscape in both aforementioned industries is becoming quite competitive and we must take advantage of our economies of scale, core competencies and operational efficiencies to ensure that we are able to achieve our financial goals and create significant shareholder value, while also making sure we continue to offer products of value to our consumers.

On behalf of myself, the board of directors and management, I would like to express my appreciation for the dedication and commitment of each and every member of our organization. We are also extremely grateful for the loyalty of our distributors and consumers as well as the support and co-operation of the SEC, stock exchanges, our financial/banking partners, and government agencies.

I would like to once again draw attention to the tireless efforts and commitment of our managing director, Mr. Mubarak Ali; this year's financial performance is yet again a testament to his vision, devotion and commitment to the organization.

Sincerely Yours,



Mohammad Bhai
Chairman

REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders,

With great pleasure, we present the report of the board of directors for the year ended June 30, 2012, together with the audited accounts as well as the report of the auditors.

During the last fiscal year, we are pleased to report that Olympic has experienced positive results and offer the following figures to illustrate year-over-year growth.

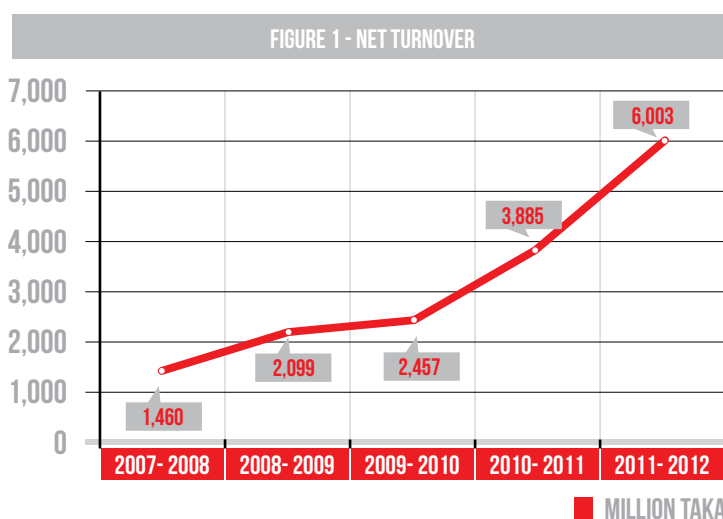
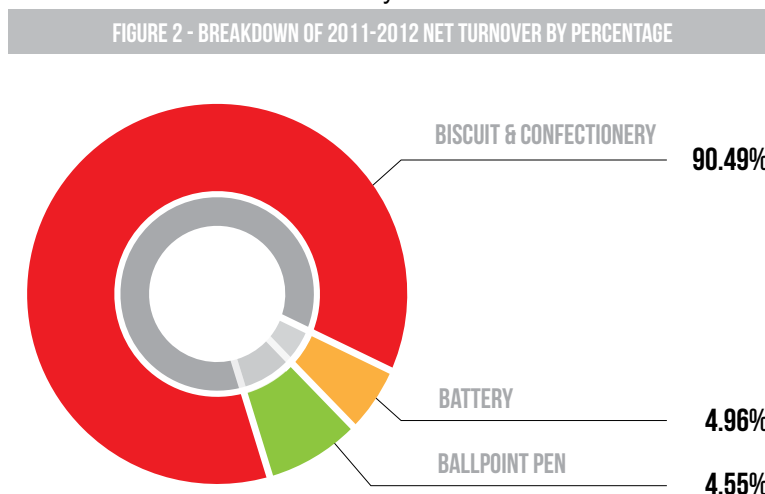


Figure 2 represents a breakdown of the company's net turnover over its three main units. A summary of activities for the fiscal year 2011-2012 follows.



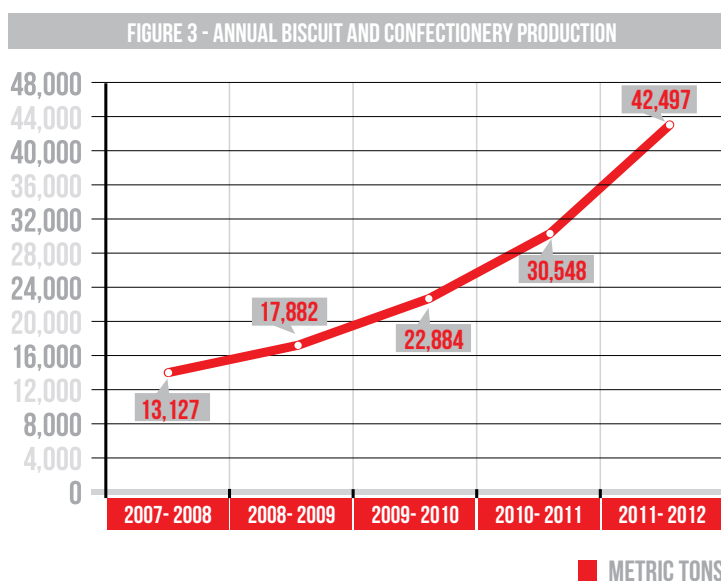
Biscuit and Confectionery

We are currently operating five biscuit lines across two production facilities as well as producing our biscuits in Chittagong under a third-party manufacturing agreement. Our flagship brands, Energy Plus and TIP, are household names that are recognized across the country. Our fifth biscuit line (of Italian and Indian origin), details of which were shared with shareholders last year, has been fully commissioned and in commercial production.

Our state-of-the-art, modern production facility in Lolati, where the fifth biscuit line is situated, is almost fully complete and will be home to many of our future projects. All infrastructure facilities for this production unit, aside from capital machinery, have been financed by the company's own sources/reserves. Commercial production at our bakery & cookie unit has also commenced and our first product, Dry Cake, has become quite popular within a few months of launching.

In fiscal year 2011-2012, our biscuit and confectionery unit produced 42,497 MT of products as compared to 30,548 MT in fiscal year 2010-2011, representing a 39% increase in products manufacturing by this unit. The value of goods produced at this unit in fiscal year 2011-2012 totaled Tk. 5.43 billion, representing a 55% increase over the 2010-2011 value of Tk. 3.49 billion. Net turnover from this unit represented over 90% of total net turnover in this fiscal year and the previous fiscal year.

Our net profit has significantly increased due to a substantial increase in our net turnover as well as an improvement in our operational efficiency. While turnover increased 54%, our net profit before tax increased 84%. Our investments in automation, bulk handling, inventory management as well as our improving economies of scale have enabled us to reach our targets of reducing production costs.

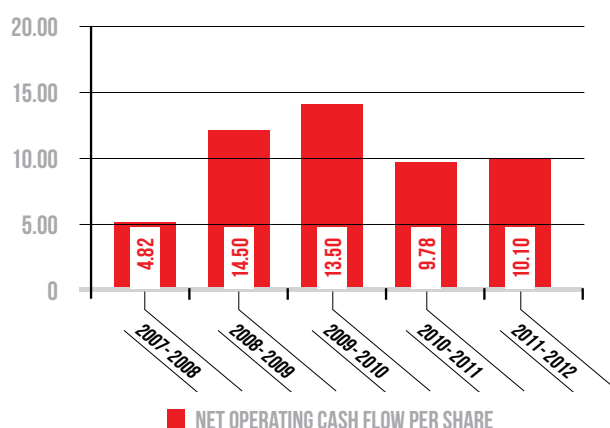


After transitioning from hard-boiled candy with its first depositor candy line in January 2010, Olympic imported a second depositor line which has been in commercial operation since October 2011. After experiencing positive demand for depositor candy, we have installed and commissioned a third depositor candy line which is now in commercial production. This line will assist us to increase our offerings in the market in terms of new flavours as well as allow us to meet demand for existing popular flavours such as mango and litchi. Our éclair production line is currently under installation and it is expected that this line will commence commercial production in February 2013. In addition to our existing confectionery range, we are exploring options within the space that would allow us to bring new and exciting products to customers while contributing positively to the company's financial performance.

We are pleased to inform and update you that the jar making unit which was approved by the board of directors has been in production for many months and has assisted us significantly in reducing our reliance on external suppliers of these products due to an increase in demand for our products. This step has allowed us to ensure the consistent quality of packaging as well as price certainty and uninterrupted supply.

We are pleased to inform our stakeholders that we have once again successfully passed our surveillance audit and received re-validation of our HACCP certification from SGS. We have a strong commitment to our consumers and our shareholders of our dedication to hygiene, safety and health. We are of the opinion that there are no quick-fixes for hygiene, safety and health and these require constant attention and commitment.

FIGURE 4 - NET OPERATING CASH FLOW PER SHARE



Dry-cell Battery

Dry-cell battery sales during fiscal year 2011-2012 generated net turnover of Tk. 273.3 million, representing a 22% increase from 2010-2011 net turnover of Tk. 223.3 million. During fiscal year 2011-2012, Olympic sold 39.3 million pieces of dry-cell batteries, representing an improvement of 29% from the same period a year ago. As stated within the previous few years, given the outlook and declining trends we have seen within the industry, we are very satisfied with these results. Similar to the three previous years, a heavy focus was placed on the marketing and promotion of our dry-cell batteries, resulting in high selling expenses.

We are pleased to report that net profit before tax for the battery unit during fiscal year 2011-2012 was Tk. 28.7 million, which is 3% lower than the previous period. Olympic is currently producing UM-1, UM-3 and UM-4 sizes of dry-cell batteries. While we have anticipated a slow-down in the consumption of UM-1 batteries, there appears to be nominal growth potential within the other two sizes. Rechargeable torch lights as well as a reduction in production costs for Li-Ion or NiMH batteries for use in electronic devices have definitely hurt the single-use dry-cell battery industry. We will, of course, continue to assess the market in Bangladesh and make decisions that will deliver the best possible returns for our shareholders.

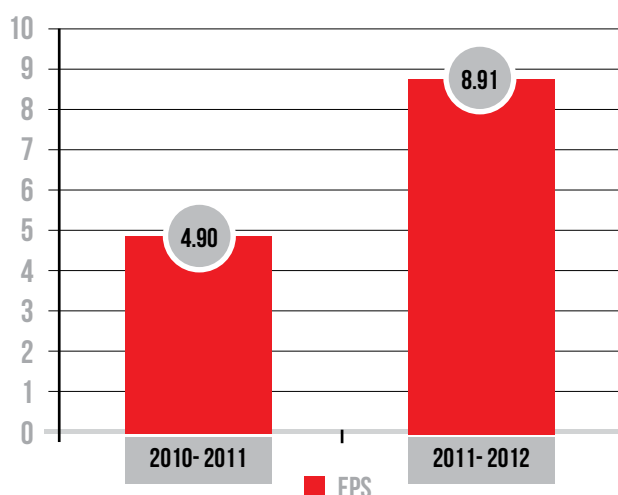
Ballpoint Pen

Olympic acquired the ballpoint pen unit during its amalgamation with Tripti Industries Limited. In fiscal year 2011-2012, the ballpoint pen unit produced 90.6 million pieces, representing an impressive 61% increase over the 56.0 million pieces produced a year ago. The ballpoint pen unit contributed Tk. 297.6 million towards net turnover in fiscal year 2011-2012 representing a 77% year-over-year increase over Tk. 167.8 million reported a year ago.

The oil refining and hydrogenation unit is still dormant and is expected to remain that way due to the considerable risks and many unknown factors within the edible oil market. While we are still continuing our consideration of various options, it is important to understand that, in order to attain market viability, a very substantial investment must be made toward fractionation, storage and bottling. As per discussions held during the 29th Annual General Meeting of the shareholders, we are seeking out interested parties who may desire to purchase the production unit, with or without the accompanying land. A decision would then be taken, considering the offered price from the prospective buyer and the best interests of the company; no decision has yet been made and prospective buyers are still being sought out. We will continue to update our shareholders on the status of this unit however, in the meanwhile, would like our shareholders to know that much caution and prudence shall be exercised to preserve and retain shareholder value.

Currency rates, interest rates and global commodity prices are our largest detractors (and risks) of price stability. The risks of slowdown, nationally and internationally, are very real, pertinent and possible. We continue to monitor these and other risks to optimize our procurement, particularly related to high-volume commodities. Our aggressive procurement policies along with strong relationships with our local and international suppliers as well as long-term contractual purchases allow us to remain competitive, improve operational efficiencies and retain margins wherever possible.

FIGURE 5 - EARNINGS PER SHARE (ADJUSTED FOR 50% STOCK DIVIDEND)



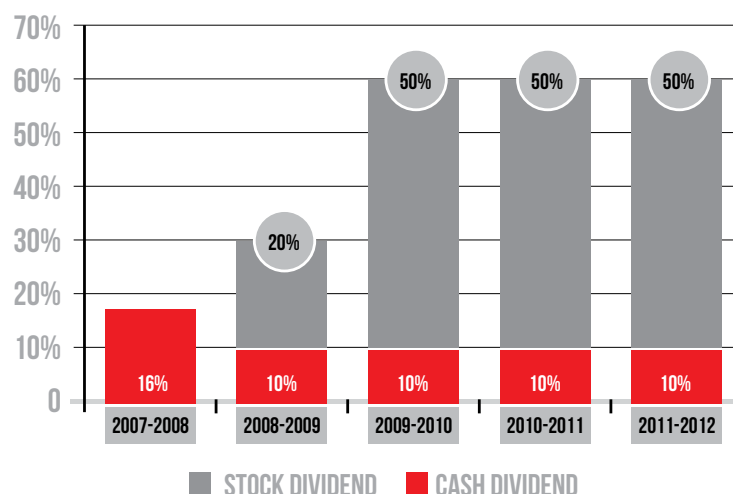
We are pleased to inform our shareholders that we have successfully completed the implementation of SAP ERP for full integration between the various areas and functions of the company, including but not limited to marketing & sales, production planning, materials management, accounting and finance. SAP ERP is the de facto industry standard for enterprise resource planning, integrating global business best practices.

Dividend

The board of directors is pleased to recommend 10% cash dividend and 50% stock dividend for the year ended June 30, 2012. Of course, the distribution of this dividend shall be subject to the approval of the shareholders at the 33rd annual general meeting.

Shareholders whose names appear on either the list of shareholders or the CDBL register on the record date of November 22, 2012 shall be entitled to the dividend.

FIGURE 6 - ANNUAL DIVIDEND DECLARATION



Contribution to the National Exchequer

During the fiscal year ended June 30, 2012, Olympic Industries Limited contributed Tk. 981,820,462 to the National Exchequer in the form of value added tax, income tax and customs duties which equate to 16.35% of the annual net turnover of the company. Contribution in the form of port charges, land registration charges, land development taxes, licenses and permit renewal fees, etc have not been taken into consideration and, as such, have not been included in the aforementioned amount.

Re-appointment of Managing Director

Mr. Mubarak Ali, managing director, was appointed at the 28th annual general meeting of the company held on December 27, 2007 for a 5 (five) years term from December 29, 2007 to December 28, 2012. Mr. Mubarak Ali's dedication has allowed the company to install and implement three additional biscuit lines, two additional confectionery lines, a new UM-4 battery production line and a new cereal bar production line along with various significant improvements to the company's financial position including but not limited to an increase in turnover from Tk. 1,059 million to Tk. 6,003 million as well as an increase in net profit after tax from Tk. 32 million to over Tk. 465 million.

The board of directors of the company, therefore, propose and recommend that this key individual behind the company's success should be re-appointed as managing director for next term of 5 (five) years, effective from December 29, 2012 to December 28, 2017.

Mr. Mubarak Ali is a very successful industrial entrepreneur with more than four decades of experience in running various industrial ventures. A senior member of Dhaka Club, he was an Executive Committee member of Bangladesh Association of Publicly Listed Companies and Bangladesh Auto Biscuits and Bread Manufacturers Association and has also served as chairman of Aga Khan Foundation National Committee for Bangladesh. He is a member of the Audit Committee of the company.

Election of Director

Mr. Munir Ali, director, retires by rotation (as per article 119 of the Articles of Association of the company). Being eligible (as per article 121 of the Articles of Association of the company), he offers himself for re-election. Mr. Munir Ali is a graduate of Indiana University in the US and has been a director of the company since 1991. He is the managing director of Asia Commodity Limited and a director of Interglobe Aviation (BD) Limited.

Ratification of Appointment of Director

Mrs. Khatija Mohammad Bhai, wife of Mr. Mohammad Bhai and mother of Mr. Aziz Mohammad Bhai, a sponsor/promoter of the company has been included as a member of the board of directors of the company as the nominee director of M/s Ambee Limited, as associate company that holds substantial shares of Olympic.

Her appointment has taken effect from July 12, 2012 and she shall remain in office until her nomination is cancelled by the nominator or a new nominee is appointed in her place by M/s Ambee Limited. Until recently, Mrs. Khatija Mohammad Bhai was a director of Ambee Pharmaceuticals Limited.

The appointment of Mrs. Khatija Mohammad Bhai as director requires ratification by the shareholders of the company at this annual general meeting.

Approval of Appointment of Independent Director

Mr. Sharif M. Afzal Hossain, a well-known personality and veteran associate of various chambers, leader of many associations and incumbent president of the Bangladesh Specialized Textile Mills and Powerloom Industries Association and Spain Bangladesh Chamber of Commerce and Industry has been appointed as independent director of the company with effect from October 23, 2010 as per SEC's notification dated February 20, 2006 where there was no provision for approval of shareholders to the appointment and tenure of office of independent director.

In supersession of the said notification, a new Notification dated August 7, 2012 has been issued by SEC on comply basis and condition 1.2(iii) of the said Notification provides that the independent director(s) shall be appointed by the board of directors and approved by the shareholders in annual general meeting. Condition No.1.2(vi) further provides that the tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.

In compliance to the aforesaid notification as well as condition 1.5(x) of SEC's notification dated August 7, 2012, the term of office of Mr. Sharif M. Afzal Hossain, independent director for a period of 3 (three) years from October 23, 2010 to October 22, 2013 and payment of remuneration of Tk. 100,000.00 per month and bonus as per the rules of the company, requires approval at this annual general meeting.

Re-fixation of House Rent of Chairman and Managing Director

Shareholders approved free furnished accommodation for the chairman and managing director of the company, at a rental limit of Tk. 150,000.00 each per month. Given the present market situation and non availability of sufficient housing at the aforesaid limit, it is proposed and placed before shareholders that the house rent limit for the chairman and managing director be re-fixed to Tk. 500,000.00 each per month, effective January 1, 2013.

Appointment of Auditors

M/s M.J. Abedin & Co, chartered accountants, was appointed at the 31st annual general meeting of the company on December 30, 2010, with remuneration fixed at Tk. 300,000.00, and were reappointed at the 32nd annual general meeting of the company on December 29, 2011, with remuneration fixed at Tk. 400,000.00 (although they requested payment for Tk. 581,608.00 as per the schedule of fees prescribed by ICAB).

As per SEC guidelines, auditors may be appointed for continuous service not exceeded a period of three years. Therefore, the retiring auditors M/s. M.J. Abedin & Co. offer their services for re-appointment as auditors of the company for the year ending June 30, 2013. Their remuneration may also be fixed at the time of re-appointment.

Report of Audit Committee

The audit committee has reported to the board of directors that during its audit activities throughout the year, it did not find any concerns or irregularities.

CORPORATE

GOVERNANCE COMPLIANCE REPORT

In compliance with Notification No.SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012 issued by the Securities and Exchange Commission, the Board of Directors of Olympic Industries Ltd. hereby report the following:

A) Compliance in respect of the Code of Conduct of Board Members – Condition 1.2(v)

All members of the Board of Directors of Olympic Industries Limited have complied the code of conduct laid down for the Board Members.

B) Disclosure of related party transactions – Condition 1.5(vi)

All related party transactions showing the names of related parties, the nature of transactions, value and the balance thereagainst have been disclosed under serial number 30.00 of the Notes to the Financial Statements attached to this report.

C) Remuneration of Directors including Independent Director – Condition 1.5(x):

The Chairman of the company drew remuneration @ Tk.5,00,000.00 per month for six months during the year, as approved by the shareholders in annual general meeting held on December 28, 2008. Under approval of the shareholders in annual general meeting held on December 29, 2011, he drew remuneration @ Tk.10,00,000.00 per month for remaining six months of the year.

The Managing Director drew remuneration @ Tk.10,00,000.00 per month as per approval of the shareholders in annual general meeting held on December 30, 2010.

The Chairman and Managing Director together drew bonus of total Tk.37,50,000.00 during the year under report. An amount of Tk.1,50,000.00 per month was also paid as house rent for each of them.

The Independent Director was paid remuneration of Tk.1,00,000.00 per month plus bonus of total Tk.1,00,000.00 in two Eid festivals during the year. The Directors including Independent Director who attended the meetings of the Board of Directors of the company held during the year, got total Tk.80,250.00 as board meeting fees. The above payments have been reflected in Note 23.00 and Note 32.00 of the Notes to the Financial Statements attached to this report.

D) Financial Statements, Books of Accounts, Accounting Policies and Standards, Internal Control System, etc. - Conditions 1.5(xi), (xii), (xiii), (xiv) and (xv):

- 1) The 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 accounts of the company have been maintained.
- 3) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- 4) International Accounting Standards (IAS), Bangladesh Accounting Standards (BAS), International Financial Reporting Standard (IFRS), Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure therefrom 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 doubts upon the company's ability to continue as a going concern.
- 7) Significant deviations from the last year's operating results, if any, have been highlighted and the reasons thereof have been explained.
- 8) Key operating and financial data of preceding six years have been summarized and furnished.

**E) Number of Board Meetings held during the year and attendance by each Director:
Condition 1.5(xx):**

During the year ended June 30, 2012, a total of 32 board meetings of the company were held and attendance by each director is as follows:

| Names and positions of the Directors | Meetings attended |
|--|-------------------|
| 1) Mr. Mohammad Bhai, Chairman | 29 |
| 2) Mr. Mubarak Ali, Managing Director | 32 |
| 3) Mr. Aziz Mohammad Bhai, Director | - |
| 4) Mrs. Safinaz Bhai, Director | 14 |
| 5) Mr. Munir Ali, Director | - |
| 6) Mr. Sharif M. Afzal Hossain, Independent Director | 32 |

The directors who did not attend the meetings were granted leave of absence by the board of directors.

F) Pattern of Shareholding as at June 30, 2012: Condition 1.5(xxi):

| (i) Associated company | |
|---|------------------|
| M/s. Ambee Limited | 21,48,705 shares |
| (ii) Directors, Company Secretary and Head of Internal Audit | |
| Mr. Mohammad Bhai, Chairman | 12,07,340 shares |
| Mr. Mubarak Ali, Managing Director | 28,84,040 shares |
| Mr. Aziz Mohammad Bhai, Director | 81,12,015 shares |
| Mrs. Safinaz Bhai, Director | 10,45,150 shares |
| Mr. Munir Ali, Director | 10,45,300 shares |
| Mr. Sharif M. Afzal Hossain, Independent Director | 0 share |
| Mr. Md. Nazimuddin, Executive Director & Company Secretary | 21,525 shares |
| Mr. Md. Enamul Kabir, Head of Internal Audit | 0 share |

(iii) Top Five Salaried Executives

| | |
|-------------------------|------------|
| Mr. Madad Ali Virani | 0 share |
| Mr. Harun Al-Rashid | 30 shares |
| Mr. Touhiduz Zaman | 0 share |
| Mr. S. R. Mondal | 100 shares |
| Mr. Mazharul Hasan Khan | 675 shares |

(iv) Shareholder holding 10% or more voting interest

| | |
|----------------------------------|------------------|
| Mr. Aziz Mohammad Bhai, Director | 81,12,015 shares |
|----------------------------------|------------------|

G) Audit Committee and its Report - Condition 3:

The Audit Committee of the company is composed of two Directors and one Independent Director who acts as Chairman of the Committee. The Company Secretary acts as the Secretary of Audit Committee. As a sub-committee of the Board of Directors, the Audit Committee is responsible to the Board. They assist the Board of Directors in ensuring that the financial statements of the company reflect true and fair view of the state of affairs of the company and that a good monitoring system is maintained within the business.

In compliance to the SEC's Notification dated August 7, 2012, the Role of Audit Committee has been determined comprising, among others, the following functions:

- i) To oversee the financial reporting process.
- ii) To monitor choice of accounting policies and principles.
- iii) To monitor Internal Control Risk management process.
- iv) To oversee hiring and performance of external auditors.
- v) To review along with the management, the annual financial statements before submission to the board for approval
- vi) To review along with the management, the quarterly and half-yearly financial statements before submission to the board for approval.
- vii) To review the adequacy of internal audit functions
- viii) To review statement of significant related party transactions submitted by the management.
- ix) To review Management Letters / Letters of Internal Control weakness issued by statutory auditors, and
- x) To monitor company's quarterly disclosure to the committee about the category-wise uses and applications of funds if and when raised through Initial Public Offering (IPO) / Repeat Public Offering (RPO) / Right Issue, etc. as well as preparation of statement by the company on annual basis about the utilization of funds for the purposes other than those stated in the offer documents / prospectus, if there be any

The Audit Committee has reported to the Board of Directors that during its discharge of audit activities throughout the year, it did not find any irregularity or any other matter which may be of concern.

Status of compliance with the conditions imposed by the Commission's Notification No.SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969 (Report under Condition No.7.00)

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|---|--|--------------|---------------------|
| | | Complied | Not Complied | |
| 1.1 | Board's size (minimum 5 Directors and maximum 20 Directors) | ✓ | | |
| 1.2 | Independent Directors: | | | |
| (i) | At least 1/5 th of total number of Directors | ✓ | | |
| (ii)(a) | Either holds no share or holds less than 1% share of the total paid up shares of the company | ✓ | | |
| (ii)(b) | Has no connection with any sponsor or director or shareholder who holds 1% or more shares of the company on the basis of family relationship. His / her family members (spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law) also should not hold above mentioned shares | ✓ | | |
| (ii)(c) | Has no pecuniary or other relationship with the company or its subsidiary / associated companies. | ✓ | | |
| (ii)(d) | Is not a member, director or officer of any stock exchange. | ✓ | | |
| (ii)(e) | Is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market. | ✓ | | |
| (ii)(f) | Is not or was not during the preceding 3 years, a partner or an executive of company's statutory audit firm. | ✓ | | |
| (ii)(g) | Is not an Independent Director in more than 3 listed companies | ✓ | | |
| (ii)(h) | Has not been convicted by a court of competent jurisdiction as a loan defaulter of any bank or NBFIs. | ✓ | | |
| (ii)(i) | Has not been convicted for a criminal offence involving moral turpitude. | ✓ | | |

| Condition No. | Title | Compliance Status (Put √ in the appropriate column) | | Remarks (if any) |
|---------------|---|--|--------------|-------------------------------|
| | | Complied | Not Complied | |
| 1.2 (iii) | Is appointed by the Board of Directors and is approved by the shareholders in AGM | √ | | |
| 1.2 (iv) | Post can not remain vacant for more than 90 days | √ | | |
| 1.2 (v) | Code of conduct of all Board members and recording of annual compliance of the code | √ | | |
| 1.2 (vi) | Tenure of office for 3 years which may be extended for 1 (one) term only | √ | | |
| 1.3 | Qualification of Independent Director (ID): | | | |
| (i) | Shall be knowledgeable individual with integrity; able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business | √ | | |
| 1.3 (ii) | Should be a Business Leader / Corporate Leader / Bureaucrat / University Teacher with Economics or Business Studies or Law background / Professionally Qualified Accountant or Secretary with at least 12 years of corporate management / professional experiences. | √ | | |
| 1.3 (iii) | Relaxation of above qualifications in special cases with prior approval of Commission | | √ | Not required |
| 1.4 | Chairman of the Board and Chief Executive Officer (Different Individuals) | √ | | Managing Director acts as CEO |
| 1.5 | Inclusion of following additional statements in the Directors' Report to shareholders: | | | |
| (i) | Industry outlook and possible future developments in the industry | √ | | |
| (ii) | Segment-wise or product-wise performance | √ | | |
| (iii) | Risks and concerns | √ | | |
| (iv) | Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin | √ | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|---|--|--------------|---|
| | | Complied | Not Complied | |
| (v) | Discussion on continuity of any Extra-Ordinary gain or loss | ✓ | | |
| (vi) | Disclosure of all related party transactions and basis thereof | ✓ | | |
| (vii) | Utilization of proceeds from public issues, right issues and/ or through any other instruments | | ✓ | No such proceeds were received during the year |
| (viii) | An explanation for deterioration of financial results after the company goes for IPO, RPO, Right Offer, Direct Listing, etc. | | ✓ | No such event occurred during the year |
| (ix) | Explanation about the significant variance that occurred between Quarterly Financial performance and Annual Financial Statements | | ✓ | No such significant variance occurred during the year |
| (x) | Remuneration to Directors including Independent Directors | ✓ | | |
| (xi) | Inclusion of Statement that the Financial Statements prepared by the management of the company fairly present state of its affairs, result of its operation, cash flows and changes in equity. | ✓ | | |
| (xii) | Maintenance of proper books of accounts of the company. | ✓ | | |
| (xiii) | Declaration that appropriate accounting policies have been consistently applied in preparation of financial statements and the accounting estimates are based on reasonable and prudent judgement | ✓ | | |

| Condition No. | Title | Compliance Status (Put √ in the appropriate column) | | Remarks (if any) |
|---------------|---|--|--------------|---------------------|
| | | Complied | Not Complied | |
| 1.5(xiv) | Declaration that in preparation of financial statements IAS / BAS / IFRS / BFRS, as applicable in Bangladesh, have been followed and any departure therefrom has been adequately disclosed | √ | | |
| (xv) | Declaration that the system of internal control is sound in design and has been effectively implemented and monitored | √ | | |
| (xvi) | Declaration that there are no significant doubts upon the company's ability to continue as a going concern. If the company is not considered to be a going concern, the fact along with reasons thereof should be disclosed | √ | | |
| (xvii) | The significant deviations, if any, from last year's operating results shall be highlighted and reasons thereof should be explained | √ | | |
| (xviii) | Providing summarized form of key operating and financial data of at least preceding 5 years | √ | | |
| (xix) | If cash or stock dividend is not declared for the year, the reasons thereof shall be given | √ | | |
| (xx) | Disclosure about the number of Board Meetings held during the year and attendance therein by each Director | √ | | |
| (xxi)(a) | Name-wise disclosure of detailed shareholding of the company held by parent / subsidiary / associated companies and other related parties | √ | | |
| (xxi)(b) | Name-wise disclosure of detailed shareholding of the company held by Directors / CEO / Company Secretary / CFO / Head of Internal Audit (HIA) and their spouses and minor children | √ | | |
| (xxi)(c) | Name-wise disclosure of detailed shareholding of the company held by the executives (Top 5 salaried employees of the company other than holders of posts stated in (xxi)(b) above | √ | | |

| Condition No. | Title | Compliance Status (Put √ in the appropriate column) | | Remarks (if any) |
|---------------|---|--|--------------|--|
| | | Complied | Not Complied | |
| (xxi)(d) | Name-wise disclosure of detailed shareholding of the company by shareholders holding 10% or more voting interest in the company | √ | | |
| (xxii)(a) | Disclosure of brief resume of the directors of the company | √ | | |
| (xxii)(b) | Disclosure of nature of expertise of the directors in specific functional areas | √ | | |
| (xxii)(c) | Disclosure of names of companies in which the directors of the company also holds directorship and disclosure of their membership of committees of the Board | √ | | |
| 2.1 | Appointment of CFO, HIA (Internal Control and Compliance), CS and to define clearly their respective roles, responsibilities and duties | √ | √ | CS and HIA have been appointed. CFO not appointed yet but the functions are looked after by GM (A&F) |
| 2.2 | Requirement of CFO and CS to attend the Board Meetings except in that part of the meeting which involves their personal matters | √ | | |
| 3(i) | Appointment of Audit Committee as a sub-committee of the Board of Directors | √ | | |
| 3(ii) | Disclosure that Audit Committee assists the Board of Directors in ensuring reflection of true and fair view of the state of affairs of the company in financial statements and ensures a good monitoring system within the business | √ | | |
| 3(iii) | Disclosure that Audit Committee is responsible to the Board of Directors and the duties of Audit Committee are clearly set forth in writing | √ | | |
| 3.1(i) | Constitution of Audit Committee comprising at least 3 (three) members | √ | | |

| Condition No. | Title | Compliance Status (Put √ in the appropriate column) | | Remarks (if any) |
|---------------|---|--|--------------|---------------------|
| | | Complied | Not Complied | |
| 3.1(ii) | Appointment of Audit Committee by the Board of Directors comprising the directors of the company and at least 1 (one) Independent Director | √ | | |
| 3.1(iii) | Disclosure that all members of the Audit Committee are financially literate (i.e. able to read and understand the financial statements) and at least 1 (one) member has accounting or related financial management experience (i.e. possesses professional qualification or is a graduate in accounting / finance with at least 12 years of corporate management / professional experience) | √ | | |
| 3.1(iv) | Appointment of new member of Audit Committee by the Board of Directors on expiry of service term or for fall of number of members below 3 (three) immediately or within one month of expiry / fall in minimum number | √ | | |
| 3.1(v) | Company Secretary is to act as Secretary of Audit Committee | √ | | |
| 3.1(vi) | To form quorum of Audit Committee meeting, at least one Independent Director should remain present. | √ | | |
| 3.2(i) | Selection of Independent Director by the Board of Directors as the Chairman of Audit Committee | √ | | |
| 3.2(ii) | Presence of Chairman of Audit Committee (Independent Director) in AGM | √ | | |
| 3.3(i) | Functions (Roles) of Audit Committee: To oversee the financial reporting process | √ | | |
| 3.3(ii) | To monitor choice of accounting policies and principles | √ | | |
| 3.3(iii) | To monitor internal control risk management process | √ | | |
| 3.3(iv) | To oversee hiring and performance of external auditors | √ | | |

| Condition No. | Title | Compliance Status (Put √ in the appropriate column) | | Remarks (if any) |
|---------------|---|--|--------------|--|
| | | Complied | Not Complied | |
| 3.3(v) | To review along with the management, the annual financial statements before submission to the Board for approval | √ | | |
| 3.3(vi) | To review along with the management, the quarterly and half-yearly financial statements before submission to the Board for approval | √ | | |
| 3.3(vii) | To review the adequacy of international audit function | √ | | |
| 3.3(viii) | To review statement of significant related party transactions submitted by the management | √ | | |
| 3.3(ix) | To review management letters / letter of internal control weakness issued by statutory auditors | √ | | |
| 3.3(x) | Disclosure by company to the Audit Committee about the uses / applications of major category funds (capital expenditure, sales and marketing expenses, working capital, etc.) raised through IPO / RPO / Right Issue, on a quarterly basis, as a part of their quarterly declaration of financial results. The company shall also prepare on an annual basis, a statement of funds utilized for the purposes other than those stated in the offer document / prospectus | | √ | No money was raised during the year through IPO / RPO / Rights Issue |
| 3.4.1(i) | Reporting on its activities by the Audit Committee to the Board of Directors | √ | | |
| 3.4.1(ii)(a) | Immediate reporting on conflicts of interests, if any, by the Audit Committee to the Board of Directors | | √ | No such conflict arose |
| 3.4.1(ii)(b) | Immediate reporting on suspected or presumed fraud or irregularity or material defect in the international control system by the Audit Committee to the Board of Directors | | √ | No such incident occurred |
| 3.4.1(ii)(c) | Immediate reporting on suspected infringement of laws, including securities related laws, rules and regulations by the Audit Committee to the Board of Directors | | √ | No such infringement occurred |

| Condition No. | Title | Compliance Status (Put √ in the appropriate column) | | Remarks (if any) |
|---------------|--|--|--------------|---|
| | | Complied | Not Complied | |
| 3.4.1(ii)(d) | Immediate reporting on any other matter which the Audit Committee feels to be disclosed to the Board of Directors | | √ | No such incident occurred |
| 3.4.2 | Reporting to the Authorities: If the Audit Committee finds anything which has material impact on financial condition and results of operation of the company, it should report it and discuss with the Board of Directors and the Management about rectification. If such rectification has been unreasonably ignored, the Audit Committee shall either report such matter to the Board of Directors for 3 (three) times or shall wait for 6 (six) months from first reporting for rectification and, thereafter, shall report such findings to the Commission (SEC) | | √ | No such matter was found |
| 3.5 | The report on activities carried out by Audit Committee including any report made to the Board of Directors under condition 3.4.1(ii) above during the year shall be signed by the Chairman of Audit Committee and disclosed in the annual report of the company | √ | | The report on activities has been disclosed but there was no report under condition 3.4.1(ii) above |
| 4. | Not to engage external / statutory auditors of the company to perform the following services of the company: | | | |
| (i) | Appraisal or valuation services or fairness opinions | √ | | |
| (ii) | Financial information systems design and implementation | √ | | |
| (iii) | Book-keeping or other services related to the accounting records or financial statements | √ | | |
| (iv) | Broker-dealer services | √ | | |
| (v) | Actuarial services | √ | | |
| (vi) | Internal audit services | √ | | |
| (vii) | Any other service that the Audit Committee determines | √ | | |

| Condition No. | Title | Compliance Status (Put √ in the appropriate column) | | Remarks (if any) |
|------------------|--|--|--------------|--|
| | | Complied | Not Complied | |
| (viii) | No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of the company | | √ | The audit firm has assured to provide certificate within the stipulated time |
| 5 (i) | Subsidiary company: Same provisions to apply in composition of the Board of Directors of subsidiary company | | √ | No subsidiary company |
| 5(ii) | At least one Independent Director of holding company shall be a director of the subsidiary company | | √ | -do- |
| (iii) | Placement of minutes of Board Meeting of subsidiary company in the following Board Meeting of holding company for review | | √ | -do- |
| (iv) | To state in minutes of Board Meeting of holding company that the affairs of subsidiary company have been reviewed | | √ | -do- |
| (v) | Review of financial statements of and in particular the investment made by subsidiary company be also reviewed by Audit Committee of holding company | | √ | -do- |
| 6. (i)(a) | Certificate from CEO and CFO to the Board stating that they have reviewed financial statements of the company for the year and that to the best of their knowledge and belief: These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading | | √ | To be complied within December 31, 2012 as provided in Notification |
| (i)(b) | These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws. | | √ | To be complied within stipulated time |

| Condition No. | Title | Compliance Status (Put √ in the appropriate column) | | Remarks (if any) |
|---------------|--|--|--------------|---|
| | | Complied | Not Complied | |
| 6(ii) | That to the best of their knowledge and belief, there were no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct | | √ | -do- |
| 7. | Reporting and compliance of Corporate Governance: | | | |
| (i) | Obtaining a Certificate from Chartered Accountant regarding compliance of conditions of Corporate Governance Guidelines of the Commission (SEC) and sending the same along with Annual Report to the shareholders. | | √ | Certificate will be provided by the audit firm within December 31, 2012 as provided in SEC's Notification |
| (ii) | Attachment of Annexure in the Directors' Report regarding compliance of Corporate Governance Guidelines | √ | | |

AUDITORS' REPORT

TO THE SHAREHOLDERS OF OLYMPIC INDUSTRIES LIMITED

We have audited the accompanying financial statements of Olympic Industries Limited which comprise the Statement of Financial Position as at June 30, 2012 and the Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Shareholders' Equity for the year then ended and a summary of significant accounting policies and explanatory notes thereto.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), and for such internal control as management determines is necessary to enable the preparation of these financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), give a true and fair view of the state of the Company's affairs as at 30 June 2012 and the results of its Comprehensive Income and its Cash Flows for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that

- i) 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 and made due verification thereof;
- ii) in our opinion, proper books of accounts as required by law have been kept by the company so far as it appeared from our examination of those books;

- iii) the company's Statement of Financial Position and Statement of Comprehensive Income dealt with by this report are in agreement with the books of accounts and
- iv) the expenditures incurred were for the purpose of the company's business.



Dated, Dhaka
29 October 2012

M. J. ABEDIN & CO
Chartered Accountants

STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

| | | Notes | Amount in Taka as at | |
|---|-------|--------------|----------------------|---------------|
| | | | 30-Jun-12 | 30-Jun-11 |
| NET ASSETS | | | | |
| Non-current Assets | | | 1,201,849,350 | 774,254,933 |
| Property, Plant and Equipment | | | | |
| (At cost less accumulated depreciation) | 8.00 | 679,504,604 | 526,741,124 | |
| Capital Work in Progress | 9.00 | 522,344,746 | 239,826,157 | |
| Deferred Expenses (Lease Rent) | | - | 7,687,652 | |
| | | | | |
| Current Assets | | | 1,389,386,956 | 1,076,067,327 |
| Inventories | 10.00 | 416,634,463 | 349,721,212 | |
| Accounts Receivables | 11.00 | 25,539,737 | 24,167,168 | |
| Advances, Deposits & Prepayments | 12.00 | 232,906,134 | 175,199,888 | |
| Cash and Cash Equivalents | 13.00 | 714,306,622 | 526,979,059 | |
| Current Liabilities and Provisions | | | (1,037,540,875) | (862,244,637) |
| Loans | 14.00 | 230,780,445 | 188,676,526 | |
| Lease Finance - Current Portion | | 14,692,934 | 30,382,411 | |
| Interest Payable | | 2,295,592 | 4,150,482 | |
| Creditors for Goods | | 335,474,164 | 270,226,750 | |
| Creditors for Services | | 4,952,749 | 4,522,314 | |
| Accrued Expenses | | 48,253,712 | 34,111,973 | |
| Advance against Sales | | 92,773,180 | 129,725,480 | |
| Liabilities for Other Finance | | 73,619,958 | 55,289,502 | |
| Provision for Taxation | 15.00 | 216,304,040 | 129,619,984 | |
| Unclaimed Dividend | 16.00 | 18,394,101 | 15,539,215 | |
| Net Current Assets | | | 351,846,081 | 213,822,690 |
| Deferred Tax Liabilities | | | (28,891,260) | (22,780,104) |
| Deferred Liabilities | 17.00 | (99,269,292) | (78,599,368) | |
| | | | 1,425,534,879 | 886,698,151 |

As at 30 June 2012

| | Notes | Amount in Taka as at | |
|---|-------|----------------------|-------------|
| | | 30-Jun-12 | 30-Jun-11 |
| FINANCED BY | | | |
| Shareholders' Equity | | 1,168,606,460 | 743,408,956 |
| Share Capital | 18.00 | 522,408,750 | 348,272,500 |
| Retained Earnings | | | |
| - As per Statement of Changes in Shareholders' Equity | | 646,197,710 | 395,136,456 |
| Non-Current Liabilities | | | |
| Long Term Loan (Secured) | 19.00 | 227,303,959 | 132,135,699 |
| Lease Finance - Long Term | 20.00 | 29,624,460 | 11,153,496 |
| | | 1,425,534,879 | 886,698,151 |

The annexed notes form part of these financial statements.

Approved by the board on 29 October 2012 and signed on its behalf by :



Mohammad Bhai
Chairman



Mubarak Ali
Managing Director



Md. Nazimuddin
Company Secretary

As per our separate report of even date annexed.

Dated, Dhaka
29 October 2012



M. J. ABEDIN & CO
Chartered Accountants

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

| | Notes | Amount in Taka | |
|---|-------|----------------------|----------------------|
| | | 30-Jun-12 | 30-Jun-11 |
| Turnover | 21.00 | 6,003,342,018 | 3,885,101,824 |
| Cost of Goods Sold | 22.00 | (4,542,709,785) | (2,913,462,747) |
| Gross Profit | | 1,460,632,233 | 971,639,077 |
| Operating Expenses | | (763,062,005) | (579,416,558) |
| Administrative Expenses | 23.00 | (141,739,084) | (111,541,999) |
| Selling Expenses | 24.00 | (621,322,921) | (467,874,559) |
| Profit from Operations | | 697,570,228 | 392,222,519 |
| Finance Cost | 25.00 | (77,012,965) | (52,132,767) |
| | | 620,557,263 | 340,089,752 |
| Non Operating Income | 26.00 | 62,849,597 | 30,977,340 |
| | | 683,406,860 | 371,067,092 |
| Contribution to Workers' Profit Participation / Welfare Funds | | (32,543,184) | (17,669,862) |
| Profit Before Taxation | | 650,863,676 | 353,397,230 |
| Income Tax Expenses | | (185,643,944) | (97,184,238) |
| Current Tax | | (179,532,788) | (92,848,732) |
| Deferred Tax Expense | | (6,111,156) | (4,335,506) |
| Profit after Taxation for the year | | 465,219,732 | 256,212,992 |
| Other Comprehensive Income | | - | - |

For the year ended 30 June 2012

| | Notes | Amount in Taka | |
|---|--------------|--------------------|--------------------|
| | | 30-Jun-12 | 30-Jun-11 |
| Comprehensive Income for the year | | 465,219,732 | 256,212,992 |
| Basic Earning Per Share (Par value Tk.10/-) | 27.00 | 8.91 | 4.90 |
| Number of Shares used to Compute EPS | | 52,240,875 | 52,240,875 |

The annexed notes form part of these financial statements.

Approved by the board on 29 October 2012 and signed on its behalf by :



Mohammad Bhai
Chairman



Mubarak Ali
Managing Director



Md. Nazimuddin
Company Secretary

As per our separate report of even date annexed.

Dated, Dhaka
29 October 2012



M. J. ABEDIN & CO
Chartered Accountants

STATEMENT OF CASH FLOWS

For the year ended 30 June 2012

| | Amount in Taka | |
|--|----------------------|----------------------|
| | 30-Jun-12 | 30-Jun-11 |
| A. Cash Flows from Operating Activities | | |
| Cash Receipts from Customers & Others | 5,965,472,099 | 3,934,389,175 |
| Cash Paid to suppliers and Employees | (5,205,704,229) | (3,446,350,677) |
| Cash Generated from Operations | 759,767,870 | 488,038,498 |
| Interest Paid | (78,867,855) | (47,982,285) |
| Income taxes paid | (153,140,645) | (99,581,268) |
| Net Cash from Operating Activities | 527,759,370 | 340,474,945 |
| B. Cash Flows from Investing Activities | | |
| Acquisition of Capital Assests | (526,684,234) | (283,985,571) |
| Interest Received | 59,840,669 | 30,221,948 |
| Net Cash Used in Investing Activities | (466,843,565) | (253,763,623) |
| C. Cash Flows from Financing Activities | | |
| Loans | 137,272,179 | 118,760,180 |
| Lease Finance | 2,781,487 | (32,242,254) |
| Liabilities for Other Finance | 18,330,456 | 26,080,944 |
| Dividend Paid | (31,972,364) | (20,898,941) |
| Net Cash from Financing Activities | 126,411,758 | 91,699,929 |
| Increase/(Decrease) in Cash & Cash Equivalents (A+B+C) | 187,327,563 | 178,411,251 |
| Cash & Cash Equivalents at Opening | 526,979,059 | 348,567,808 |

For the year ended 30 June 2012

| | Amount in Taka | |
|---|--------------------|--------------------|
| | 30-Jun-12 | 30-Jun-11 |
| Cash & Cash Equivalents at Closing | 714,306,622 | 526,979,059 |

The annexed notes form part of these financial statements.

Approved by the board on 29 October 2012 and signed on its behalf by :



Mohammad Bhai
Chairman



Mubarak Ali
Managing Director



Md. Nazimuddin
Company Secretary

As per our separate report of even date annexed.

Dated, Dhaka
29 October 2012



M. J. ABEDIN & CO
Chartered Accountants

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 30 June 2012

| | Amount in Taka | | | |
|--|--------------------|---------------|--------------------|----------------------|
| | Share Capital | Share Premium | Retained Earnings | Total |
| Balance as on 01 July 2010 | 232,181,700 | 56,929,150 | 237,082,528 | 526,193,378 |
| Bonus Shares Issued -1 Bonus Share against 2 Ordinary Shares | 116,090,800 | (56,929,150) | (59,161,650) | - |
| Transferred to Dividend Payable Account | - | - | (23,218,170) | (23,218,170) |
| Short Provision of Income Tax in respect of earlier years | - | - | (15,779,244) | (15,779,244) |
| Net Profit for the year ended 30 June 2011 | - | - | 256,212,992 | 256,212,992 |
| Balance as on 30 June 2011 | 348,272,500 | - | 395,136,456 | 743,408,956 |
| Balance as on 01 July 2011 | 348,272,500 | - | 395,136,456 | 743,408,956 |
| Bonus Shares Issued -1 Bonus Share against 2 Ordinary Shares | 174,136,250 | - | (174,136,250) | - |
| Transferred to Dividend Payable Account | - | - | (34,827,250) | (34,827,250) |
| Short Provision of Income Tax in respect of earlier year | - | - | (5,194,978) | (5,194,978) |
| Net Profit for the year ended 30 June 2012 | - | - | 465,219,732 | 465,219,732 |
| Balance as on 30 June 2012 | 522,408,750 | - | 646,197,710 | 1,168,606,460 |

The annexed notes form part of these financial statements.

Approved by the board on 29 October 2012 and signed on its behalf by :



Mohammad Bhai
Chairman



Mubarak Ali
Managing Director



Md. Nazimuddin
Company Secretary

As per our separate report of even date annexed.

Dated, Dhaka
29 October 2012


M. J. ABEDIN & CO
Chartered Accountants

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 30 June 2012

1. Reporting entity

1.1 About the company

The Olympic Industries Ltd. (Formerly Bengal Carbide Limited) (the “Company”), is a company incorporated and domiciled in Bangladesh as a public limited company. It commenced commercial operation in 1982 and went for public issue of shares in 1984. The shares of the Company are listed in the Dhaka and Chittagong Stock Exchanges of Bangladesh.

The registered office of the Company is located at 62-63, Motijheel Commercial Area, Dhaka - 1000, Bangladesh. The industrial Units are located at Kanchpur, Lolati and Madanpur of Narayangonj.

1.2 Nature of Business

The company is engaged in manufacturing and marketing of Dry cell Battery, Biscuit & Candy, Confectionery and Ball pen items.

The products are sold in the local market.

2. Basis of Preparation of Financial Statements

2.1 Basis of Measurement

The financial statements have been prepared on the Historical Cost Basis. The financial statements, therefore, do not take into consideration the effect of inflation.

2.2 Statement of Compliance

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1994, the Securities & Exchange Rules 1987, the Listing Regulations of Dhaka and Chittagong Stock Exchanges and other relevant local laws as applicable and in accordance with Bangladesh Financial Reporting Standards (BFRSS).

2.3 Presentation of Financial Statements

The presentation of these financial statements is in accordance with the guidelines provided by BAS 1: Presentation of Financial Statements.

The financial statements comprise:

- (a) Statement of Financial Position as at 30 June 2012;
- (b) Statement of Comprehensive Income for the year ended 30 June 2012;
- (c) Statement of Changes in Shareholder's Equity for the year ended 30 June 2012;
- (d) Statement of Cash Flows for the year ended 30 June 2012 and
- (e) Notes to financial statements, comprising summary of significant accounting policies and explanatory information.

2.4 Other regulatory compliance

As required, Olympic Industries Limited also complies with the following major regulatory provisions in addition to the Companies Act 1994, the Securities and Exchange rules 1987 and other applicable laws and regulations:

The Income Tax Ordinance 1984
The Income Tax Rules 1984

The Securities and Exchange Commission Ordinance 1969
The Securities and Exchange Commission Act 1993
The value Added Tax Act 1991
The value Added Tax rules 1991
The Labour Law 2006

2.5 Reporting Period

The financial statements cover the period from July 01, 2011 to June 30, 2012.

2.6 Authorization for issue

The financial statements have been authorized for issue by the Board of Directors on 29 October 2012.

2.6 Functional and Presentation Currency

The financial statements are prepared and presented in Bangladesh Currency (Taka), which is the company's functional currency.

2.7 Comparative Information

Comparative information has been disclosed for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's financial statements.

Figures for the year 2011 have been re-arranged, wherever considered necessary, to ensure better comparability with the current year.

2.8 Use of Estimates and Judgments

The preparation of financial statements in conformity with the BFRSs including BASs require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and for contingent assets and liabilities that require disclosure, during and at the date of the financial statements.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision of accounting estimates is recognized in the period in which the estimate is revised and in any future periods affected.

In particular, the key areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include depreciation, inventory valuation, accrued expenses and other payables.

3. Significant Accounting Policies

The accounting principles and policies in respect of material items of financial statements set out below have been applied consistently to all periods presented in these financial statements.

3.1 Revenue Recognition

In compliance with the requirements of BAS 18 : Revenue, revenue receipts from customers against sales are recognized on preparation of invoices after products are dispatched to customers, that is, when the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Revenue from sales is exclusive of VAT.

3.2 Property, Plant and Equipment

3.2.1 Recognition and Measurement

This has been stated at cost less accumulated depreciation in compliance with the requirements of BAS 16: Property, Plant and Equipment. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

Property, plant and equipment taken over on 1 July 2008, on amalgamation with the erst-while Tripti Industries Ltd., has been stated at carrying value of those assets as of 1 July 2008.

3.2.2 Maintenance Activities

The company incurs maintenance costs for all its major items of property, plant and equipment. Repair and maintenance costs are charged as expenses when incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of the assets.

3.2.3 Depreciation

Land is held on freehold basis and is not depreciated considering the unlimited life. In respect of all other fixed assets, depreciation is provided using the straight-line method. Full year's depreciation is charged on additions and no depreciation is provided on retirement, irrespective of date of addition or retirement respectively.

The annual depreciation rates applicable to the principal categories are :

| | |
|---------------------------------|-----------|
| Building and other Construction | 5% - 25% |
| Plant and Machinery | 10% - 15% |
| Furniture & Fixtures | 10% |
| Transport & Vehicle | 20% |
| Office Equipment | 10% - 25% |

3.2.4 Retirements and Disposals

On disposal of fixed assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the income statement, which is determined with reference to the net book value of the assets and net sales proceeds or realized amount.

3.2.5 Capital Work-In- Progress

Amount paid to acquire fixed assets and the cost of assets not put to use before the year-end are disclosed under Capital work-in-progress.

3.3 Intangible Assets

The cost of acquiring and developing computer software and all up gradation/ enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

3.4 Leased Assets

In compliance with the BAS 17 : Leases, cost of assets acquired under finance lease along with related obligation has been accounted for as assets and liabilities respectively of the company, and the interest element has been charged as expenses. Lease payments made under finance leases are apportioned between the finance expenses and the reduction of the outstanding liability.

3.5 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.5.1 Financial assets

Financial assets of the company include cash and cash equivalents, accounts receivables and other receivables. The company initially recognizes receivables on the date they are originated. All others financial assets are recognized initially on the date at which the company becomes a party to the contractual provisions of the transaction. The company derecognizes a financial asset when, and only when the contractual rights or probabilities of receiving the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred.

3.5.1(a) Accounts Receivables

Accounts receivables are created at original invoice amounts less any provisions for doubtful debts. Provisions are made where there is evidence of a risk of non-payment, taking into account aging, previous experience and general economic conditions. When an accounts receivable is determined to be uncollectible, it is written off, firstly against any provision available and for the balance amount, debited to the Income Statement. Subsequent recoveries of amounts previously provided for are credited to the Income Statement.

3.5.1(b) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, in transit and with banks on current and deposit accounts which are held and available for use by the company without any restriction. There is insignificant risk of change in value of the same.

3.5.1(c) Other Current Assets

Other current assets have a value on realization in the ordinary course of the company's business, which are at least equal to the amount at which they are stated in the Statement of Financial Position.

3.5.2 Financial Liability

Financial liabilities are recognized initially on the transaction date at which the company becomes a party to the contractual provisions of the liability. The company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Finance liabilities include payable for expenses, liability for capital expenditure and other current liabilities.

3.6 Impairment

3.6.1 Financial Assets

Accounts receivables and other receivables are assessed at each reporting date to determine whether there is any objective evidence of impairment. Financial assets are impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset, that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy etc.

3.6.2 Non-Financial Assets

An asset is impaired when its carrying amount exceeds its recoverable amount. The company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Carrying amount of the assets is reduced to its recoverable amount by recognizing an impairment loss if, and only if, the recoverable amount of the asset is less than its carrying amount. Impairment loss is recognized immediately in profit or loss, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset shall be treated as a revaluation decrease.

3.7 Inventories

Inventories are carried at the lower of cost or net realizable value as prescribed by BAS 2: Inventories. Cost is determined on an weighted average cost basis. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Costs of conversion include all direct costs excluding interest expense. Net realizable value is the estimate of the selling price in the ordinary course of business less the cost of completion and selling expenses.

3.8 Provisions

A provision is recognized in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the date of statement of financial position. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditures expected to be required to settle the obligation.

3.9 Income Tax Expense

Income tax expense comprises of current and deferred taxes. Income tax expense is recognized in the Statement of Comprehensive Income and accounted for in accordance with the requirements of BAS 12 : Income Tax.

Current Tax

Current tax is the expected tax payable on the taxable income for the year, and any adjustment to tax payable in respect of previous years. The company qualifies as a "Publicly Traded Company"; hence the applicable Tax Rate is 27.50%.

Deferred Tax

The company has recognized deferred tax using Balance Sheet Liability Method in compliance with the provisions of BAS 12 : Income Taxes. The company's policy of recognition of deferred tax assets/ liabilities is based on temporary differences (Taxable or deductible) between the carrying amount (Book value) of assets and liabilities for financial reporting purpose and its tax base, and accordingly, deferred tax income/ expenses has been considered to determine net profit after tax and earnings per shares (EPS).

A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available, against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.10 Interest Income

Interest income on fixed deposits is recognized on cash basis.

3.11 Borrowing Cost

Borrowing costs are recognized as expenses in the period in which they are incurred unless capitalization of such is allowed under BAS 23 : Borrowing Costs.

3.12 Employee Benefits

(a) Defined Contribution Plan (Provident Fund)

The company has recognized contributory provident fund scheme as a post employment benefit plan to eligible employees. Assets of provident fund are held in a separate trustee fund as per the relevant rules and are funded by payments from employees and by the company at pre-determined rates. The company's contributions to the provident fund are charged off as revenue expenditure in the period to which the contributions relate.

(b) Contribution to Workers' Profit Participation/ Welfare Funds

This represents 5% of net profit before tax contributed by the company as per provisions of the Bangladesh Labor Law, 2006 and is payable to workers as defined in the said law.

3.13 Proposed Dividend

The amount of proposed dividend has not been accounted for but disclosed in the notes to the accounts along with dividend per share in accordance with the requirements of the Para 125 of Bangladesh Accounting Standard (BAS) 1: Presentation of Financial Statements. Also, the proposed dividend has not been considered as "Liability" in accordance with the requirements of the Para 12 & 13 of Bangladesh Accounting Standard (BAS) 10: Events After The Reporting Period, because no obligation exists at the time of approval of accounts and recommendation of dividend by the Board of Directors.

Dividend proposed by the board of directors for the year under review shall be accounted for after the approval of shareholders in the annual general meeting and in the year of such approval.

3.14 Earnings per Share (EPS)

This has been calculated in compliance with the requirements of BAS 33: Earnings Per Share by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

Basic Earnings (Numerator)

This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

Weighted Average Number of Ordinary Shares Outstanding during the year (Denominator)

Current Year (2012)

The Bonus Shares issued during the year 2012 in respect of 2011 were treated as if they always had been in issue. Hence, in computing the Basic EPS of 2012, the total number of shares including the said bonus shares has been considered as the Weighted Average Number of Shares outstanding during the year 2012.

Earlier Year (2011)

The number of shares outstanding before the bonus issue has been adjusted for the proportionate change in the number of shares outstanding as if the bonus issue had occurred at the beginning of the earliest period reported (2011), and accordingly, in calculating the adjusted EPS of 2011, the total number of shares including the subsequent bonus issue in 2012 has been considered as the Weighted Average number of Shares outstanding during the year 2011.

The basis of computation of number of shares as stated above is in line with the provisions of BAS 33: Earnings per Share. The logic behind this basis, as stated in the said BAS is that the bonus shares are issued to the existing shareholders without any consideration and therefore, the number of shares outstanding is increased without an increase in resources generating new earnings.

Diluted Earnings per Share

No diluted EPS is required to be calculated for the year as there was no scope for dilution during the year under review.

3.15 Foreign Currency Transactions

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction date. The monetary assets and liabilities, if any, denominated in foreign currencies at the financial position date are translated at the applicable rates of exchanges ruling at that date. Exchange differences are charged off as revenue expenditure in compliance with the provisions of BAS 21: The Effects of Changes in Foreign Exchange Rates.

3.16 Statement of Cash Flows

The Statement of Cash Flows has been prepared in accordance with the requirements of BAS 7: Statement of Cash Flows. The cash generated from operating activities has been reported using the Direct Method as prescribed by the Securities and Exchange Rules, 1987 and following the benchmark treatment of BAS 7, whereby major classes of gross cash receipts and gross cash payments from operating activities are disclosed.

4.00 Events after Reporting Period

Events after the reporting period that provide additional information about the company's position at the date of Statement of Financial Position are reflected in the financial statements. Events after reporting period that are not adjusting events are disclosed in the notes when material.

5.00 Reporting Currency

The amounts shown in these financial statements are presented in Bangladesh currency (Taka), which have been rounded off to the nearest Taka except where indicated otherwise.

6.00 Appropriation of Dividend for the period (2011)

On 29 December 2011, the 32rd Annual General Meeting of the Company approved cash dividend of Tk. 10/= per share of Tk. 100 each and 50% stock dividend for 2011. Accordingly, cash dividend amounting Tk.34,827,250 and stock dividend of Tk. 174,136,250 in respect of 2011 have been accounted for in the accounts of 2012 and have been reflected in the Statement of Changes in Shareholders' Equity.

7.00 Concentrations

As of Statement of Financial Position date, the company does not have any significant concentration of business transaction with a particular customer, supplier or lender that could, if suddenly eliminated; severely affect the company's operations. The company also does not have a concentration of available sources of labour, services, licenses or other rights that could, if suddenly eliminated, severely affect the operations of the company.

8.00 Property, Plant & Equipment

| Particulars | Land and Land Development | Factory Building & Other const. | Plant & Machinery | Office Equipment | Furniture & Fixture | Transport & Vehicles | Total |
|--|---------------------------|---------------------------------|-------------------|------------------|---------------------|----------------------|---------------|
| Cost | | | | | | | |
| At 01 July 2011 | 98,878,679 | 139,916,550 | 676,847,601 | 7,424,846 | 9,329,797 | 46,528,556 | 978,926,029 |
| Transferred from CWIP | - | 85,022,586 | 97,098,976 | - | - | - | 182,121,562 |
| Additions during the Year | 19,785,732 | - | 20,781,865 | 1,659,400 | 1,041,286 | 18,775,800 | 62,044,083 |
| Adjustment of Lease hold Asset | - | - | - | - | - | (1,748,000) | (1,748,000) |
| Cost at 30 June 2012 | 118,664,411 | 224,939,136 | 794,728,442 | 9,084,246 | 10,371,083 | 63,556,356 | 1,221,343,674 |
| Accumulated depreciation | | | | | | | |
| At 01 July 2011 | - | 68,566,712 | 346,561,144 | 5,617,418 | 6,062,468 | 25,377,163 | 452,184,905 |
| Depreciation for the Year | - | 17,627,345 | 59,085,469 | 751,931 | 890,470 | 11,998,150 | 90,353,365 |
| Adjustment of Lease hold Asset | - | - | - | - | - | (699,200) | (699,200) |
| Accumulated depreciation at 30 June 2012 | - | 86,194,057 | 405,646,613 | 6,369,349 | 6,952,938 | 36,676,113 | 541,839,070 |
| Carrying Value at 30 June 2012 | 118,664,411 | 138,745,079 | 389,081,829 | 2,714,897 | 3,418,145 | 26,880,243 | 679,504,604 |
| Carrying Value at 30 June 2011 | 98,878,679 | 71,349,838 | 330,286,457 | 1,807,428 | 3,267,329 | 21,151,393 | 526,741,124 |
| This includes written down value of lease hold assets of Tk. 73,317,269 which is made up as follows: | | | | | | | |
| Gross carrying amounts as on 01 July 2011 | - | - | 82,271,500 | 572,000 | - | 42,200,000 | 125,043,500 |
| Additions during the Year | - | - | 10,837,443 | - | - | 5,140,000 | 15,977,443 |
| Transfer to Freehold Asset | - | - | - | - | - | (1,748,000) | (1,748,000) |
| Gross carrying amounts as on 30 June 2012 | - | - | 93,108,943 | 572,000 | - | 45,592,000 | 139,272,943 |
| Accumulated depreciation as on 01 July 2011 | - | - | 26,303,580 | 572,000 | - | 21,350,000 | 48,225,580 |
| Depreciation for the Year | - | - | 9,310,894 | - | - | 9,118,400 | 18,429,294 |
| Adjustment of Lease hold Asset | - | - | - | - | - | (699,200) | (699,200) |
| Accumulated depreciation as on 30 June 2012 | - | - | 35,614,474 | 572,000 | - | 29,769,200 | 65,955,674 |
| Net carrying amounts as on 30 June 2012 | - | - | 57,494,469 | - | - | 15,822,800 | 73,317,269 |
| Net carrying amounts as on 30 June 2011 | - | - | 55,967,920 | - | - | 20,850,000 | 76,817,920 |

| | | Amount in Taka as at | |
|--------------|---|----------------------|--------------------|
| | | 30-Jun-12 | 30-Jun-11 |
| 9.00 | Capital Work in Progress | | |
| | This represents expenses incurred in connection with: | | |
| | Machinery in Transit | 265,968,511 | 73,966,833 |
| | Construction of Building | 256,376,235 | 165,859,324 |
| | | 522,344,746 | 239,826,157 |
| 10.00 | Inventories | | |
| | Materials | 327,754,940 | 240,599,906 |
| | In-transit | 37,236,731 | 48,490,031 |
| | Work-in-process | 5,558,983 | 4,686,440 |
| | Finished Goods | 31,842,058 | 18,214,771 |
| | Stores and Spares | 14,241,751 | 37,730,064 |
| | | 416,634,463 | 349,721,212 |
| 11.00 | Accounts Receivables | | |

- (a) Accounts Receivables of Tk. 25,539,737 (2011- Tk. 24,167,168) is considered good in respect of which the company holds no security other than the debtors personal security.
- (b) No amount was due to the Directors (including Managing Director) Managing Agents, Managers and other Officers of the Company and any of them severally or jointly with any other person.
- (c) This includes Tk. 49,17,863 due from associated undertakings.
- (d) Debtors outstanding for a period

Exceeding six months Tk. 10,148,295 Measures have been taken for realization of the
Below six months Tk. 15,391,442 dues.

| | | | |
|--------------|---|--------------------|--------------------|
| 12.00 | Advances, Deposits and Prepayments | | |
| | Advances | 192,404,674 | 144,995,046 |
| | Deposits | 32,887,056 | 25,146,158 |
| | Pre-payments | 7,614,404 | 5,058,684 |
| | | 232,906,134 | 175,199,888 |
| | Advances : | | |
| | Bengal Steel Works Ltd. (Associated Company) | 15,489,481 | 14,488,953 |
| | Panther Steel Mills Ltd. (Associated Company) | 21,898,779 | 20,345,329 |
| | Income Tax | 127,271,124 | 72,174,189 |
| | Employees | 8,801,450 | 5,602,188 |
| | Suppliers and Contractors | 18,943,840 | 32,384,387 |
| | | 192,404,674 | 144,995,046 |

| Amount in Taka as at | |
|----------------------|-----------|
| 30-Jun-12 | 30-Jun-11 |

- (a) Advance to associated undertakings are secured by personal guarantee given by the directors.
- (b) Maximum amount due during the year under review from Associated undertaking was Tk. 37,388,260 (2011-Tk.34,834,282)
- (c) Maximum amount due during the year under review from officers of the company was Tk.648,620 (2011-Tk 648,620).
- (d) No amount was due to the Directors (including Managing Director) and Managing Agents of the company and any of them severally or jointly with any other persons.

| | | |
|---|--------------------|--------------------|
| Deposits: | | |
| Security Deposit | 16,094,559 | 5,410,847 |
| VAT Deposit | 9,064,892 | 8,924,706 |
| Lease Deposit | 6,335,991 | 6,335,991 |
| Guarantee Margin Deposit | 1,391,614 | 4,474,614 |
| | 32,887,056 | 25,146,158 |
| 13.00 Cash and Cash Equivalents | | |
| (a) Cash in hand | 9,091,119 | 1,863,067 |
| (b) Cash at Banks | | |
| In current Accounts | 54,650,309 | 30,431,993 |
| In STD Account | 41,969,099 | 37,765,597 |
| In FD Account | 608,590,900 | 456,912,107 |
| In FC Account | 5,195 | 6,295 |
| | 714,306,622 | 526,979,059 |
| 14.00 Loans | | |
| Loan from Banking Companies (Secured) | 141,144,889 | 137,844,859 |
| Current Portion of Long Term Loan (Note - 19.00) | 85,119,992 | 46,316,103 |
| Loan from Directors (Unsecured and interest free) | 1,979,928 | 1,979,928 |
| Loan from Others (Unsecured and interest free) | 2,535,636 | 2,535,636 |
| | 230,780,445 | 188,676,526 |
| 15.00 Provision for Taxation | | |
| Provision made for the assessment year 2006-2007. | 19,324,355 | 19,324,355 |
| Provision made for the assessment year 2008-2009. | 17,446,897 | 17,446,897 |
| Provision made for the assessment year 2011-2012. | - | 92,848,732 |
| Provision made for the assessment year 2012-2013. | 179,532,788 | - |
| | 216,304,040 | 129,619,984 |

The company filed appeals to the High Court Division of the Honorable Supreme Court of Bangladesh against further demand by the Income Tax authority of Tk. 6,530,750 and Tk. 15,931,357 for the assessment year 2006-2007 and 2008-2009 respectively.

| | | Amount in Taka as at | |
|--------------|--|----------------------|-------------------|
| | | 30-Jun-12 | 30-Jun-11 |
| 16.00 | Unclaimed Dividend | | |
| | Year wise break up of the above is as follows: | | |
| | 1995 | 116,888 | 116,888 |
| | 1997 | 903,910 | 904,210 |
| | 2002 | 1,032,873 | 1,036,005 |
| | 2003 | 936,122 | 941,912 |
| | 2004 | 869,245 | 871,969 |
| | 2005 | 815,271 | 818,389 |
| | 2006 | 1,365,159 | 1,370,282 |
| | 2007 | 616,929 | 624,265 |
| | 2008 | 3,437,516 | 3,460,038 |
| | 2009 | 1,553,094 | 1,577,728 |
| | 2010 | 2,349,389 | 2,487,073 |
| | 2011 | 3,067,249 | - |
| | | 17,063,645 | 14,208,759 |
| | In respect of erstwhile Tripti Industries Ltd (1988 to 2002) | 1,330,456 | 1,330,456 |
| | | 18,394,101 | 15,539,215 |

The above figures represent the dividends for which the warrants are either lying with the shareholders and have not been presented as yet by them to the bank for encashment or have been returned to the company undelivered due to change of address of those shareholders and their new address have not yet been communicated to the company. Under instruction from SEC, press advertisements were made to collect the past dividend warrants but many shareholders are yet to turn up to collect their respective warrants.

| | | | |
|--------------|--|-------------------|-------------------|
| 17.00 | Deferred Liabilities | | |
| | Workers Profit Participation and Welfare Funds | 99,060,724 | 78,387,970 |
| | Contributory Provident Fund | 208,568 | 211,398 |
| | | 99,269,292 | 78,599,368 |

18.00 Share Capital

Face value of all shares has been converted from Tk. 100 each to Tk. 10 each.

Authorised Capital

| | | |
|---|----------------------|----------------------|
| 100,000,000 Ordinary shares of Tk.10 each | 1,000,000,000 | 1,000,000,000 |
|---|----------------------|----------------------|

Issued Capital

| | | |
|---|--------------------|--------------------|
| 64,334,195 (2011 : 46,920,570) Ordinary Shares Tk. 10 each. | 643,341,950 | 469,205,700 |
|---|--------------------|--------------------|

| | Amount in Taka as at | |
|---|----------------------|--------------------|
| | 30-Jun-12 | 30-Jun-11 |
| Subscribed and Paid Up Capital | | |
| a. 7,94,8,070 Ordinary shares of Tk.10 each fully paid up in cash | 79,480,700 | 79,480,700 |
| b. 2,054,720 Ordinary shares of Tk.10 each issued on merger | 20,547,200 | 20,547,200 |
| c. 42,238,085 Ordinary Shares Tk. 10 each issued as Bonus shares | 422,380,850 | 248,244,600 |
| | 522,408,750 | 348,272,500 |
| a. Ordinary Share Capital paid up in cash | | |
| 450,000 Ordinary Shares of Tk.10 each fully paid up in cash in 1979 & 1980 | 4,500,000 | 4,500,000 |
| 450,000 Ordinary Shares of Tk.10 each fully paid up in cash in 1984 | 4,500,000 | 4,500,000 |
| 1,350,000 Ordinary Shares of Tk.10 each right issue at 1 : 1 in 1994 | 13,500,000 | 13,500,000 |
| 540,000 Ordinary Shares of Tk.100/- each along with premium of Tk. 1,025/- per share were offered at 1:1 ratio to shareholders in 1995 but only 79,570 shares were subscribed thereagainst; present face value of which is Tk. 10/- each and totals to 795,700 shares. | 7,957,000 | 7,957,000 |
| 1,239,139 Ordinary Shares of Tk.100/- each along with premium of Tk. 100/- per share were offered at 1:1 ratio to shareholders in 1998 but only 490,327 shares were subscribed thereagainst; present face value of which is Tk. 10/- each and totals to 4,903,270 shares. | 49,023,700 | 49,023,700 |
| | 79,480,700 | 79,480,700 |
| b. 2,054,720 Ordinary Shares of Tk.10 each issued in 2008 to the shareholders of erstwhile Tripti Industries Ltd. upon amalgamation with the company. | 20,547,200 | 20,547,200 |
| | 20,547,200 | 20,547,200 |

c. Ordinary Share Capital issued as Bonus shares

450,000 Bonus Shares of Tk.10 each

Issued from retained earnings at 2 : 1 in 1988.

2,700,000 Bonus Shares of Tk.10 each

Issued from retained earnings at 1 : 1 in 1994.

2,065,230 Bonus Shares of Tk.10 each

Issued from share premium at 3 : 1 in 1996.

4,130,460 Bonus Shares of Tk.10 each

Issued from share premium at 2 : 1 in 1997.

3,869,690 Bonus Shares of Tk.10 each

Issued from share premium at 5 : 1 in 2009.

11,609,080 Bonus Shares of Tk.10 each

Issued from share premium and retained earnings at 2 : 1 in 2010.

17,413,625 Bonus Shares of Tk.10/- each

issued from retain earning at 2:1 in 2011

| Amount in Taka as at | |
|----------------------|--------------------|
| 30-Jun-12 | 30-Jun-11 |
| 4,500,000 | 4,500,000 |
| 27,000,000 | 27,000,000 |
| 20,652,300 | 20,652,300 |
| 41,304,600 | 41,304,600 |
| 38,696,900 | 38,696,900 |
| 116,090,800 | 116,090,800 |
| 174,136,250 | - |
| 422,380,850 | 248,244,600 |

| | 30-Jun-12 | | 30-Jun-11 | |
|--|-------------------|---------------|------------------|---------------|
| | No. of shares | % | No. of shares | % |
| (a) Composition of share holdings | | | | |
| Directors and their family members | 16,442,550 | 31.47 | 1,096,170 | 31.47 |
| Institutions | 7,887,119 | 15.10 | 586,017 | 16.83 |
| Foreign Investors | 10,210 | 0.02 | 836 | 0.02 |
| General Public | 27,900,996 | 53.41 | 1,799,702 | 51.68 |
| | 52,240,875 | 100.00 | 3,482,725 | 100.00 |

- (b) The distribution schedule showing the number of shareholders and their share-holdings in percentage has been disclosed below as a requirement of Listing Regulation of Dhaka and Chittagong Stock Exchanges.

| Range of Holdings | No. of Shareholders | No. of Shares | Holdings % |
|--------------------------|---------------------|-------------------|---------------|
| Less than 500 shares | 7,636 | 1,327,585 | 2.54 |
| 501 to 5000 shares | 3,101 | 4,931,905 | 9.44 |
| 5001 to 10000 shares | 239 | 1,770,840 | 3.39 |
| 10001 to 20000 shares | 124 | 1,774,345 | 3.40 |
| 20001 to 30000 shares | 45 | 1,107,620 | 2.12 |
| 30001 to 40000 shares | 15 | 530,930 | 1.02 |
| 40001 to 50000 shares | 8 | 356,785 | 0.68 |
| 50001 to 100000 shares | 23 | 1,661,435 | 3.18 |
| 100001 to 1000000 shares | 49 | 38,779,430 | 74.23 |
| | 11,240 | 52,240,875 | 100.00 |

(c) Option on Unissued Shares

There is no option regarding authorised capital not yet issued but can be used to increase the issued, subscribed and paid up capital through the issuance of new shares.

(d) Market Price

Shares of the Company are listed in the Dhaka and Chittagong Stock Exchanges and quoted at Tk 127.14 per share (2011-Tk.181.80) and Tk 126.31 per share (2011 Tk. 181.00) in the Dhaka and Chittagong Stock Exchanges respectively on 30.06.2012.

(e) Non-resident Share Holders

Particulars of non-resident share holders are as follows :

| Particulars | Folio No. | 30.06.2012 No. of Shares | 30.06.2011 No. of Shares |
|---|-----------|-----------------------------|-----------------------------|
| Regent Moghul Fund Limited Level - 13, 1, Queen's Road, Central Hong Kong | 96 | 3,960 | 324 |

| Particulars | Folio No. | 30.06.2012 No. of Shares | 30.06.2011 No. of Shares |
|---|----------------|-----------------------------|-----------------------------|
| Is Himalayan fund NV Herengracht 320, 1016, CE Amsterdam The Netherlands | 1215 | 990 | 81 |
| W.I. Carr(Far East) Limited | 6263 (Ex TIL) | 2,760 | 226 |
| UBS Securities(East Asia) Ltd | 6660 (Ex TIL) | 180 | 15 |
| Midland Bank Int'l Finance Corp. Ltd | 7001 (Ex TIL) | 2,310 | 189 |
| Lloyds Bank PLC | 7946 (Ex TIL) | 10 | 1 |

Dividend is paid to non residend shareholders through local agents in BDT.

| | | Amount in Taka as at | |
|--|--|----------------------|--------------------|
| | | 30-Jun-12 | 30-Jun-11 |
| 19.00 Long Term Loan (Secured) | | | |
| United Commercial Bank Ltd | | 271,583,078 | 135,835,802 |
| International Leasing & Financial Services Ltd | | 40,840,873 | 42,616,000 |
| | | 312,423,951 | 178,451,802 |
| Current Portion of Long Term Loan (Note - 14.00) | | (85,119,992) | (46,316,103) |
| | | 227,303,959 | 132,135,699 |

Loan from United Commercial Bank Ltd (UCBL) - Term Loan

This represents an aggregate sum against 4 Nos. Term Loans received from United Commercial Bank Ltd. during the preceding year and the year under review against total sanctioned limit of Tk.33.58 crore. These loans bear 15.50% interest and are repayable, along with interest thereon, in monthly equal instalments, respectively by December 2014, December 2014, August 2016 & May 2017.

Loan from International Leasing & Financial Services Ltd (ILFSL) - Term Loan

The company received an aggregate sum of Tk. 42,616,000 during 2011 against total sanctioned limit of Tk. 5 (five) crore from International Leasing & Financial Services Ltd rate of interest at 17.83% and are repayable by 48 equal installments commencing from August 2011.

Nature of Security to UCBL and ILFSL

The loans are secured against hypothecation of related construction materials and machinery/equipments of the company and personal guarantee of Directors.

20.00 Lease Finance - Long-Term

This represents lease obligation for acquisition of lease hold assets :

| | | |
|-----------------|-------------------|-------------------|
| Lease Finance | 44,317,394 | 41,535,907 |
| Current portion | (14,692,934) | (30,382,411) |
| | 29,624,460 | 11,153,496 |

21.00 Turnover (Net of VAT)

| | For the year | | | |
|---------------------------|--------------|----------------------|--------------|----------------------|
| | 30-Jun-12 | | 30-Jun-11 | |
| | Qty.(Pcs/Mt) | Value (Tk.) | Qty.(Pcs/Mt) | Value (Tk.) |
| Battery Unit (Pcs) | 39,300,522 | 273,269,032 | 30,468,908 | 223,333,485 |
| Biscuit & Conf. Unit (MT) | 42,423.35 | 5,432,469,999 | 30,527.13 | 3,493,962,323 |
| Ballpen Unit (Pcs) | 90,786,851 | 297,602,987 | 56,093,944 | 167,806,016 |
| | | 6,003,342,018 | | 3,885,101,824 |

| | Amount in Taka | |
|-----------------------------------|----------------------|----------------------|
| | for the year | |
| | 30-Jun-12 | 30-Jun-11 |
| 22.00 Cost of Goods Sold | | |
| Work-in-process (Opening) | 4,686,440 | 4,566,194 |
| Material Consumed (Note - 22.01) | 4,072,375,078 | 2,595,351,100 |
| Stores Consumed (Note - 22.02) | 98,857,598 | 37,233,095 |
| Factory Overhead (Note - 22.03) | 295,623,574 | 214,830,382 |
| Depreciation | 90,353,365 | 69,113,886 |
| Work-in-process (Closing) | (5,558,983) | (4,686,440) |
| Cost of Goods Manufactured | 4,556,337,072 | 2,916,408,217 |
| Finished Goods (Opening) | 18,214,771 | 15,269,301 |
| Finished Goods (Closing) | (31,842,058) | (18,214,771) |
| | 4,542,709,785 | 2,913,462,747 |

| Finished Goods | Qty | M.Unit | Value Taka |
|-----------------|-----------|--------|-------------------|
| Opening Stock : | | | |
| Battery | 230,784 | Pcs | 1,665,478 |
| Biscuits | 125.24 | MT | 10,551,641 |
| Candy | 24.12 | MT | 3,513,937 |
| Ball Pen | 1,183,561 | Pcs | 2,483,715 |
| | | | 18,214,771 |
| Closing Stock: | | | |
| Battery | 622,464 | Pcs | 3,061,234 |
| Biscuits | 163.22 | MT | 16,755,206 |
| Candy | 60.03 | MT | 8,635,277 |
| Ball Pen | 1,034,128 | Pcs | 3,390,341 |
| | | | 31,842,058 |

| | | Amount in Taka | |
|--------------|----------------------------------|----------------------|----------------------|
| | | for the year | |
| | | 30-Jun-12 | 30-Jun-11 |
| 22.01 | Materials Consumed | | |
| | Opening Stock | 240,599,906 | 169,755,070 |
| | Purchases during the year | 4,159,530,112 | 2,666,195,936 |
| | Closing Stock | (327,754,940) | (240,599,906) |
| | | 4,072,375,078 | 2,595,351,100 |
| 22.02 | Stores Consumed | | |
| | Opening Stock | 37,730,064 | 27,564,442 |
| | Purchases during the year | 178,176,666 | 115,003,973 |
| | Transferred | (102,807,381) | (67,605,256) |
| | Closing Stock | (14,241,751) | (37,730,064) |
| | | 98,857,598 | 37,233,095 |
| 22.03 | Factory Overhead | | |
| | Wages & Salaries | 158,512,969 | 111,112,943 |
| | Repairs & Maintance | 8,087,241 | 12,433,350 |
| | Rent, Rates, Taxes & Fees | 1,289,364 | 3,344,509 |
| | Insurance | 10,576,100 | 7,417,631 |
| | Power & Fuel | 39,580,523 | 26,346,214 |
| | Vehicles Repair & Maintenance | 3,563,167 | 3,025,060 |
| | Printing & Stationery | 2,020,742 | 2,380,684 |
| | Postage, Telephone & Telegram | 452,338 | 387,776 |
| | Travelling & Conveyance | 621,550 | 405,228 |
| | Subs. Newspaper & Periodicals | 523,439 | 26,490 |
| | Entertainment | 82,489 | 72,621 |
| | Legal Fees | 184,000 | 72,000 |
| | Factory Maintenance Expenses | 4,920,625 | 2,831,372 |
| | Donation | 257,900 | 147,500 |
| | Transport & Carriage | 9,274,239 | 7,788,648 |
| | Medical Expenses | 701,612 | 340,872 |
| | Staff Food | 2,939,699 | 2,112,007 |
| | Lease Rent | 7,687,652 | 5,198,688 |
| | Labour Handling charge | 3,042,857 | 3,187,425 |
| | Processing Charges | 40,296,961 | 26,075,154 |
| | Research, Training & Development | 1,008,107 | 124,210 |
| | | 295,623,574 | 214,830,382 |

| | | Amount in Taka | |
|--------------|--------------------------------------|--------------------|--------------------|
| | | for the year | |
| | | 30-Jun-12 | 30-Jun-11 |
| 23.00 | Administrative Expenses | | |
| | Salaries & Allowances | 72,748,898 | 53,669,806 |
| | Directors' Remuneration & Allowances | 24,750,000 | 17,800,000 |
| | Director's Board meeting Fees | 80,250 | 58,500 |
| | Repairs & Maintenance | 1,501,580 | 1,153,986 |
| | Rent | 7,762,486 | 5,806,661 |
| | Rates & Taxes | 1,970,055 | 336,360 |
| | Electricity, Gas & Water | 1,255,950 | 914,815 |
| | Vehicles Repairs & Maintenance | 5,193,675 | 4,133,250 |
| | Petrol, Oil & Lubricant | 4,922,249 | 4,471,169 |
| | Printing & Stationery | 1,165,177 | 1,484,158 |
| | Postages, Telephone & Telegram | 3,473,868 | 3,900,931 |
| | Travelling & Conveyance | 2,610,835 | 5,093,341 |
| | Subs. Newspaper & Periodicals | 3,927,334 | 2,158,144 |
| | Entertainment | 110,984 | 117,150 |
| | Audit Fees | 400,000 | 300,000 |
| | Legal & Consultancy Fees | 934,500 | 687,500 |
| | Office Maintenance Expenses | 5,623,295 | 4,596,205 |
| | Donation | 11,800 | 2,062,600 |
| | Medical Expenses | 54,615 | 15,024 |
| | Advertisement | 1,501,980 | 1,179,987 |
| | A.G.M Expenses | 1,739,553 | 1,602,412 |
| | | 141,739,084 | 111,541,999 |

Break up of Directors' Board meeting fees are as follows:

| Name of Directors | Position | Meeting held | Attended | Amount in Taka |
|-----------------------|----------|--------------|----------|----------------|
| Mr.Mohammad Bhai | Chairman | 32 | 29 | 21,750 |
| Mr. Mubarak Ali (CEO) | MD | 32 | 32 | 24,000 |
| Mrs. Safinaz Bhai | Director | 32 | 14 | 10,500 |
| Mr.Sharif M Afzal | Director | 32 | 32 | 24,000 |
| | | | | 80,250 |

| | | Amount in Taka | |
|--------------|-------------------------|----------------|-------------|
| | | for the year | |
| | | 30-Jun-12 | 30-Jun-11 |
| 24.00 | Selling Expenses | | |
| | Salaries & Allowances | 139,863,972 | 106,173,504 |
| | Repairs & Maintenance | 1,631,154 | 42,580 |
| | Rent | 2,421,452 | 2,041,345 |

| | Amount in Taka | |
|---|--------------------|--------------------|
| | for the year | |
| | 30-Jun-12 | 30-Jun-11 |
| Rates, Taxes & Fees | 14,500 | - |
| Vehicles Repairs & Maintenance | 1,685,503 | 502,306 |
| Petrol, Oil & Lubricant | 1,078,540 | 798,023 |
| Electricity, Gas & Water | 749,149 | 632,771 |
| Printing & Stationery | 6,032,969 | 3,819,421 |
| Postage, Telephone & Telegram | 956,395 | 728,664 |
| Travelling & Conveyance | 99,934,067 | 93,319,304 |
| Subscription Newspaper & Periodicals | 8,060 | 8,625 |
| Entertainment | 244,828 | 220,803 |
| Legal Fees | 175,550 | 40,200 |
| Office Maintenances Expenses | 716,767 | 1,259,547 |
| Sales Promotion | 162,681,432 | 118,912,828 |
| Transport / Carriage | 198,848,399 | 133,822,349 |
| Medical Expenses | 82,675 | 140,768 |
| Advertisement | 4,184,009 | 5,401,521 |
| Research, Training & Development | 13,500 | 10,000 |
| | 621,322,921 | 467,874,559 |
| 25.00 Finance Cost | | |
| Bank charges | 3,286,742 | 2,028,692 |
| Interest | 73,726,223 | 50,104,075 |
| | 77,012,965 | 52,132,767 |
| 26.00 Non Operating Income | | |
| Interest Income on Bank deposit | 59,840,669 | 30,221,948 |
| Other Income (Sale of by-product net of VAT Tk. 68,242) | 454,950 | 10,093 |
| Interest (others) | 2,553,978 | 745,299 |
| | 62,849,597 | 30,977,340 |
| 27.00 Earnings Per Share (EPS) | | |
| (a) Earnings attributable to the Ordinary Shareholders (Net profit after Tax) | 465,219,732 | 256,212,992 |
| (b) Weighted average number of ordinary Shares outstanding during the year (Note -3.14) | 52,240,875 | 52,240,875 |
| (c) Earnings Per Share (EPS)/(Adjusted EPS of 2011) | 8.91 | 4.90 |

| | | Amount in Taka | |
|--------------|---|----------------------|--------------------|
| | | for the year | |
| | | 30-Jun-12 | 30-Jun-11 |
| 28.00 | Net Asset Value | | |
| | Non-current assets | 1,201,849,350 | 774,254,933 |
| | Net current assets | 351,846,081 | 213,822,690 |
| | | 1,553,695,431 | 988,077,623 |
| | Deduct: | | |
| | Long-term & deferred liabilities | (385,088,971) | (244,668,667) |
| | | 1,168,606,460 | 743,408,956 |
| | Number of Ordinary Shares of Tk.10 each at Balance Sheet date | 52,240,875 | 34,827,250 |
| | NAV-Per Share | | |
| | On shares at balance sheet date | 22.37 | 21.35 |
| 29.00 | Net Operating Cash Flow Per Share | | |
| | Cash flows from operating activities as per Statement of cash flows | 527,759,370 | 340,474,945 |
| | Number of Ordinary Shares of Tk.10 each at Balance Sheet date | 52,240,875 | 34,827,250 |
| | Net Operating Cash Flow-Per Share | | |
| | On shares at Balance Sheet date | 10.10 | 9.78 |

30.00 Related party transaction - disclosure under BAS 24

The company carried out a number of transactions with related parties in the normal course of business. The nature of transactions and their values are shown below :

| Name of Related Parties | Nature of Transactions | Value (Tk.) | Balance (Tk.) |
|-----------------------------|----------------------------------|-------------|---------------|
| Ambee Pharmaceuticals Ltd | Sales / Accounts Receivables | 2,425,340 | 4,917,863 |
| Bengal Steel Works Limited | Advances and Interest Receivable | 1,000,528 | 15,489,481 |
| Panther Steel Mills Limited | Advances and Interest Receivable | 1,553,450 | 21,898,779 |
| Directors | Loan from Directors | - | 1,979,928 |

31.00 Dividend for the year

Subsequent to the balance sheet date, the Board of Directors recommended 50% (fifty percent) stock dividend i.e 1 (one) fully paid ordinary share for 2 (two) ordinary shares and 10% (ten percent) cash dividend i.e Taka 1/- (one) per share which will be recognized in the accounts as and when approved by the shareholders in the Annual General Meeting.

32.00 Salaries / Perquisites To Directors & Officers

The aggregate amounts paid / provided during the year in respect of officers and directors of the company as defined in the Securities and Exchange Rules, 1987 are disclosed below:

| | Directors | Officers |
|--|------------|------------|
| Board Meeting Fees | 80,250 | Nil |
| Remuneration / salaries & allowance | 21,000,000 | 51,539,820 |
| Bonus | 3,750,000 | 2,337,135 |
| Accommodation | 3,600,000 | 162,500 |
| Company's Contribution to Provident Fund | - | 557,996 |

33.00 Production Capacity & Capacity Utilisation

| Products | Capacity | | Utilization | | Short Fall | | Reason for Short Fall |
|--|-------------|-------------|-------------|------------|------------|------------|-----------------------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | |
| Battery (pcs) | 117,760,000 | 102,960,000 | 39,692,202 | 30,285,836 | 78,067,798 | 72,674,164 | Less demand of UM-1 Battery |
| Biscuit & Confectionary (MT) | 49,339 | 42,480 | 42,497.24 | 30,548.06 | 6,842 | 11,931.94 | Utilization satisfactory |
| Ball Pen (pcs) | 100,000,000 | 100,000,000 | 90,637,418 | 56,176,673 | 9,362,582 | 43,823,327 | Utilization satisfactory |
| Soyabean Oil, Palm Olein and V.Ghee (MT) | 120,000 | 120,000 | - | | 120,000 | 120,000 | Production suspended |
| Electric Bulb (pcs) | - | - | - | | - | - | Production suspended |

Utilization of biscuit & confectionary includes 4,005.44 MT (2011 : 2,757.51 MT) which are produced through Oriental Bakery & Biscuit Industries Ltd Chittagong under 3rd Party manufacturing agreement.

34.00 Claim not acknowledged

There was no claim against the company not acknowledged as debt as on 30 June 2012.

35.00 Contingent Liabilities

There was no contingent liability as on 30 June 2012.

36.00 Capital Expenditure Commitment

There was no material capital expenditure authorized by the Board but not contracted for at 30 June 2012.

37.00 Credit Facility not availed

There was no credit facility available to the company under any contract, but not availed of as on 30 June 2012 other than trade credit available in the ordinary course of business.

38.00 Foreign Exchange earned

No foreign exchange was earned during the year under review.

39.00 Post Balance Sheet Events - Disclosure Under BAS-10 "Events After The Balance Sheet Date"

Subsequent to the balance sheet date, the Board of Directors recommended 50% (fifty percent) stock dividend i.e 1 (one) fully paid ordinary share for 2 (two) ordinary shares and 10% (ten percent) cash dividend i.e Taka 1/- (one) per share which will be recognized in the accounts as and when approved by the shareholders in the Annual General Meeting.

Excepting to that, no circumstances have arisen since the date of Statement of Financial Position which would require adjustment to, or disclosure in, the financial statements or notes thereto.

40.00 Approval of the Financial Statements

These financial statements were authorized for issue in accordance with a resolution of the company's board of directors on 29 October 2012.



Mohammad Bhai
Chairman



Mubarak Ali
Managing Director



Md. Nazimuddin
Company Secretary

As per our separate report of even date annexed.

Dated, Dhaka
29 October 2012




UNIT WISE

WORKING RESULT

For The Year Ended 30 June 2012

(As per requirements of The Securities and Exchange Rules, 1987)

| Notes | Amount in Taka | | | | |
|-------------------------------|-------------------|----------------------|---------------------|----------------------|--------------------|
| | Battery Unit | Biscuit Unit | Ball Pen & Oil Unit | 30-Jun-12 | 30-Jun-11 |
| Turnover | 273,269,032 | 5,432,469,999 | 297,602,987 | 6,003,342,018 | 3,885,101,824 |
| Cost of Goods Sold | (199,092,918) | (4,075,939,732) | (267,677,135) | (4,542,709,785) | (2,913,462,747) |
| Gross Profit | 74,176,114 | 1,356,530,267 | 29,925,852 | 1,460,632,233 | 971,639,077 |
| Operating Expenses | (44,855,885) | (690,500,631) | (27,705,489) | (763,062,005) | (579,416,558) |
| Administrative Expenses | (6,451,890) | (128,260,779) | (7,026,415) | (141,739,084) | (111,541,999) |
| Selling Expenses | (38,403,995) | (562,239,852) | (20,679,074) | (621,322,921) | (467,874,559) |
| Profit from Operations | 29,320,229 | 666,029,636 | 2,220,363 | 697,570,228 | 392,222,519 |
| Finance Cost | (3,505,590) | (69,689,620) | (3,817,755) | (77,012,965) | (52,132,767) |
| Non Operating Income | 25,814,639 | 596,340,016 | (1,597,392) | 620,557,263 | 340,089,752 |
| | 2,860,881 | 56,873,080 | 3,115,636 | 62,849,597 | 30,977,340 |
| Contribution to WPP & WF | 28,675,520 | 653,213,096 | 1,518,244 | 683,406,860 | 371,067,092 |
| Profit before Tax | | | | (32,543,184) | (17,669,862) |
| | | | | 650,863,676 | 353,397,230 |

| | | |
|---|---|---|
|  |  |  |
| Mohammad Bhai Chairman | Mubarak Ali Managing Director | Md. Nazimuddin Company Secretary |

As per our separate report of even date annexed.

Dated, Dhaka
29 October 2012

M. J. ABEDIN & CO
Chartered Accountants

PROXY FORM

ANNUAL GENERAL MEETING PROXY FORM

I/We

of

being a shareholder of Olympic Industries Limited and entitled to vote hereby appoint

Mr/Mrs

of

as my/our proxy to attend and vote for me/us on my/our behalf at the 33rd Annual General Meeting of the Company to be held on December 27, 2012 at 10:00 AM and/or at any adjournment thereof.

The specimen signature and Folio/B.O. number of the proxy are furnished below.

As witness my/our hands this day of 2012 in the

presence of

Signature of Proxy
Folio / B.O. No. of Proxy

Signature of Shareholder(s)
Folio/B.O. No. of Shareholder(s)
No. of Shares Held

Signature of Witness

Signature Verified

Authorized Signatory
Olympic Industries Limited

Note: A shareholder entitled to attend and vote at the Annual General Meeting may appoint another shareholder as a proxy to attend and vote on his/her behalf. The proxy form duly completed and stamped must be deposited at the registered office of the Company no later than 48 hours prior to the scheduled meeting time.



OLYMPIC INDUSTRIES LIMITED

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