



ANNUAL REPORT

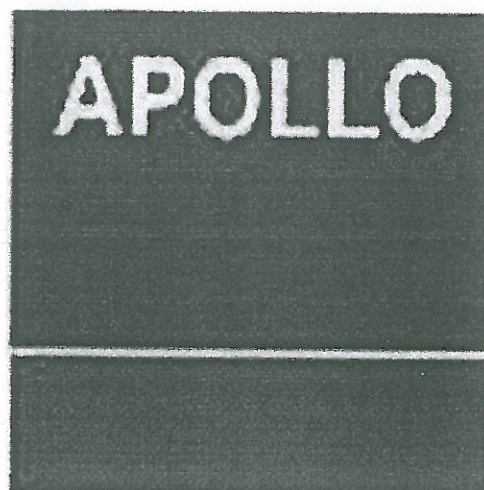
2016

APOLLO TEXTILE MILLS LIMITED



APOLLO

Annual Report 2016



**APOLLO TEXTILE MILLS
LIMITED**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2016**

COMPANY INFORMATION

BOARD OF DIRECTORS

CHIEF EXECUTIVE

Mr. Abdul Rehman Zahur

DIRECTORS

Mr. Abdul Rehman Zahur
Mr. Ikram Zahur
Mr. Muhammad Tahir Khan
Mr. Muhammad Farooq
Mr. Riaz Hussain
Mr. Shabbir Ahmed
Mr. Muhammad Liaquat

AUDITORS

M/s. Moochhala Gangat &
Co. Chartered Accountants
F-4/2, Mustafa Avenue,
Behind "The Forum",
Block-9, Clifton, Karachi 75600

Chairman Members

Mr. Muhammad Tahir Khan
Mr. Abdul Rehman Zahur

HUMAN RESOURCES &

Mr. Riaz Hussain

REMUNERATION COMMITTEE Mr. Abdul Rehman Zahur
Mr. Muhammad Tahir Khan
Mr. Shabbir Ahmed

BANKERS

Soneri Bank Limited
Standard Chartered Bank
Meezan Bank Limited
United Bank Limited
Habib Metropolitan Bank Limited
National Bank of Punjab
Bank of Punjab
Silk Bank Limited

REGISTERED OFFICE

1-C, 16th Commercial Street, Phase II Ext,
DHA, Karachi

MILLS

Jasilwahin, Jhang Road
Muzaffargarh

APOLLO TEXTILE MILLS LTD

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 43rd Annual General Meeting of the Shareholders of Apollo Textile Mills Limited will be held on 28th October 2016 at 8:00a.m. at 48-C, 13th Commercial Street, Phase II-Ext, D.H.A, Karachi to transact the following business.

1. To receive consider and adopt the audited accounts of the company for the year ended 30th June 2016 together with the Auditors and Directors Report thereon.
2. To appoint auditors for the year 2016 – 2017 and fix their remuneration.
3. Any other matter with the permission of the chair.

For and on behalf of the Board

- sd -

Chief Executive

Notes:

1. The Share Transfer Book of the company will remain closed from 1st October 2016 to 28th October 2016 (both days inclusive).
2. A member entitled to attend and vote at this meeting may appoint proxy in order to be effective must be received by the Company not less than 48 hours before the meeting.
3. Any individual entitled to attend and vote at this meeting must bring his/her original CNIC or Passport in original to prove his/her identity. In case of Proxy, must enclose additionally an attested copy of his/her CNIC or Passport. Representative of corporate member should bring the usual documents required for such purpose.
4. Shareholders are requested to notify the change of address, if any, immediately.

DIRECTOR'S REPORT TO THE SHAREHOLDER

IN THE NAME OF ALLAH, THE MOST GRACIOUS, THE BENEVOLENT, THE MOST MERCIFUL

The director of Apollo Textile Mills Limited feel great pleasure in presenting audit report with audited financial statement of the Company at the Annual General Meeting of the Company for the financial year ended June 30, 2016.

OPERATING FINANCIAL RESULTS

During the year under review the company remained closed. due to the prevailing crisis in the textile sector.

The financial results for the year ended June 30, 2016 are summarized below:

| | 2016 <u>Rupees</u> | 2015 <u>Rupees</u> |
|---|-----------------------|-----------------------|
| Loss before taxation | (88,190,037) | (103,906,599) |
| Provision for taxation | <u>60,853,128</u> | <u>6,208,823</u> |
| Net loss | (27,336,909) | (97,697,776) |
| Un-appropriated profit | 6,014,816 | 85,994,017 |
| Transfer from surplus on revaluation of fixed assets | | |
| Assets an account of incremental depreciation for the | | |
| period Net off defferd tax | <u>13,556,487</u> | <u>17,718,574</u> |
| Un-appropriated (Loss)/profit | <u>(7,765,607)</u> | <u>6,014,816</u> |

Auditors

The auditors M/s. Nazir Chaudhri & Co, Chartered Accountants, the auditors of the company has resigned and M/s. Moochhala Gangat & Co. are appointment for the year ended June 30, 2016. The Board of Directors, based the recommendation of the audit committee, would recommend the appointment of M/s Moochhala Gangat & Co, Chartered Accountants, for the year ended June 30, 2017.

Future Outlook

The management is striving hard to achieve better results.

Code of Corporate Governance

The directors of your company are aware of their responsibilities under the code of corporate governance of the Listing Regulations of the Stock Exchange in the country under instruction from Securities & Exchange Commission of Pakistan. We are taking all necessary steps to ensure good Corporate Governance in your Company as required by the code.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAME WORK

- 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.
- Company has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgment.
- In preparation of the financial statements international accounting standards, as applicable in Pakistan. have been followed and departure, if any has been adequately disclosed.
- Internal auditor is continuously reviewing the existing system of internal control and other procedures. The process of review will continue and any weakness in control will have immediate attention of the management.
- There are no significant doubts upon the Company's ability as going concern.
- There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulation.

- h During the year under review, three meetings of the boards of the director were held and attend as follows.

| Name of director | No of meeting attended |
|-------------------------|------------------------|
| Mr. Ikram Zahur | 3 |
| Mr. Abdul Rehman Zahur | 3 |
| Mr. Muhammad Tahir Khan | 2 |
| Mr. Muhammad Farooq | 2 |
| Mr. Shabbir Ahmed | 3 |
| Mr. Riaz Hussain | 3 |
| Mr. Muhammad Liaquat | 2 |

Leave of absence was granted to directors who could not attend the meeting.

- i The statement of pattern of the share holding of the Company as at June 30, 2016 is annexed. This statement is prepared in accordance with the Code of Corporate Governance.
- j. During the year under review the trading in shares of the Company by the Directors, CEO and theirspouses as follows:

| | Opening balances as on 01/07/2015 | Purchase | Sale | Closing Balances as on 30/06/2016 |
|------------------------|-----------------------------------|----------|------|-----------------------------------|
| Mr. Ikram Zahur | 777,490 | - | - | 777,490 |
| Mr. Abdul Rehman Zahur | 733,991 | - | 1 | 733,990 |

AUDIT COMMITTEE

The board of directors in compliance to the Code of Corporate governance has established an Audit Committee comprising of the following directors:

Mr. Muhammad Tahir Khan
Mr. Abdul Rehman Zahur
Mr. Riaz Hussain

Chairman
Member
Member

ACKNOWLEDGEMENT

The board of Directors would like to place on record thanks to customers, suppliers, shareholder and agents, and employees for the services rendered by them with the hope that they will continue to display the same spirit with all zeal and devotion in the time ahead.

Karachi: 30th September 2016

For and behalf of the Board of Directors

- sd-
Chief Executive

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **APOLLO TEXTILE MILLS LIMITED** as at **June 30, 2016** and the related Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement, and Statement of Changes in Equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- i. The company has stopped its operations since the closing of financial year 2014 and during the year ended June 30, 2016 the company sustained after tax loss of Rs. 27.336 million and its accumulated losses stood at Rs. 7.765 million. These events indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements have been prepared on going concern basis but, in our opinion, management's use of going concern assumption in the financial statements is inappropriate.
- ii. As disclosed in note 15.1 and 15.2 of the financial statements where it has been mentioned that the stocks of raw cotton and cotton yarn was misappropriated by the banks and their muqaddams amounting to Rs 128,360,0559 and Rs 128,360,0559 respectively which were pledged with various financial institutions. The company has filed suits against them in the Honorable High courts for the recovery of value of misappropriated stocks as disclosed in the aforesaid note. We would also like to draw your attention towards note 12.1.1 to 12.1.8 which describes the matters relating to the stocks and the pending suits filed by and against the company.
- iii. As disclosed in note 12.1.1 to 12.1.8 of the financial statements where it has been mentioned that there are suits filed against the company.
- iv. We have sent various confirmations to banks/financial institutions and legal advisors for the confirmation of long term finances, margin on bank guarantees, liabilities against assets subject to

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2016

This statement is being presented to comply with the Code of Corporate Governance (the CCG) contained in Chapter 5.19 of Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

| Category | Names |
|-------------------------|--|
| Independent Director | Mr. Muhammad Tahir Khan |
| Executive Director | Mr. Ikram Zahur |
| Non-Executive Directors | Mr. Riaz Hussain Mr. Shabbir Ahmed Mr. Muhammad Liaquat Mr. Muhammad Farooq |

The independent directors meets the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board of directors during the year ended June 30, 2016.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the

board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranged internally an orientation course / Training programs for the directors during the year and two directors are exempt from the requirement of Director Training Program.
10. There has been no new appointment during the year. The board has approved the terms and conditions including remuneration of Head of Internal Audit, CFO and Company Secretary of the Company.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholdings.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises three members, of who are non-executive directors including the Chairman of the Committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed a Human Resources and Remuneration Committee. It comprises three members, out of whom two are non-executive directors including chairman.
18. The Board has set up an effective internal audit function.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

23. We confirm that all other material principles enshrined in the CCG have been complied with.

Karachi

On behalf of the Board of Directors

-sd-
Chief Executive

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **APOLLO TEXTILE MILLS LIMITED** as at **June 30, 2016** and the related Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement, and Statement of Changes in Equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- i. The company has stopped its operations since the closing of financial year 2014 and during the year ended June 30, 2016 the company sustained after tax loss of Rs. 91.810 million and its accumulated losses stood at Rs. 72.239 million. These events indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements have been prepared on going concern basis but, in our opinion, management's use of going concern assumption in the financial statements is inappropriate.
- ii. As disclosed in note 15.1 and 15.2 of the financial statements where it has been mentioned that the stocks of raw cotton and cotton yarn was misappropriated by the banks and their muqaddams amounting to Rs 128,360,0559 and Rs 128,360,0559 respectively which were pledged with various financial institutions. The company has filed suits against them in the Honorable High courts for the recovery of value of misappropriated stocks as disclosed in the aforesaid note. We would also like to draw your attention towards note 12.1.1 to 12.1.8 which describes the matters relating to the stocks and the pending suits filed by and against the company.
- iii. As disclosed in note 12.1.1 to 12.1.8 of the financial statements where it has been mentioned that there are suits filed against the company.
- iv. We have sent various confirmations to banks/financial institutions and legal advisors for the confirmation of long term finances, margin on bank guarantees, liabilities against assets subject to

finance lease, short term finances, bank balances and contingencies and commitments reported in the financial statements. However we did not receive any replies from them.

- v. The company has not charged finance cost on long term finances, short term finances and finance lease obtained from banks / financial institution and also the current maturity of long term finances has not been made in the financial statements by the company.
- vi. The company is following revaluation model to value land & buildings and plant and machinery as per the requirements of IAS 16. However, the company has not carried out any revaluation since May 31, 2005. Further, the recoverable amount of surplus on revaluation of fixed assets is dependent upon continued operation of the Company.
- vii. The company is operating an unfunded gratuity scheme and is following actuarial valuation to calculate provision as per requirement of IAS- 19. However, the company has not carried out actuarial valuation since June 30, 2009.
- viii. We were unable to obtain appropriate evidence as to the some of the assets and liabilities.

As a result of the matters stated above, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded inventories, long term finances, margin on bank guarantees, short term finances, liabilities against asset subject to finance lease and property, plant and equipment and the elements making up the profit and loss account, statement of comprehensive income, cash flow statements and statement of changes in equity.

Because of the significance of the matters discussed in paragraphs i - viii above, we are unable to form an opinion as to whether:

- (a) proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- (c) the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the

Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affair as at June 30, 2016 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended;

(d) In our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

(e) The last year financial statement were audited by another firm of chartered accountants.

Moochhala Gangat & Co.
Chartered Accountants

Name of the audit engagement partner:
Mr. Hussaini Fakhruddin

Karachi
Date:

APOLLO TEXTILE MILLS LIMITED
BALANCE SHEET
AS AT JUNE 30, 2016

| | | 2016 | 2015 |
|--|------|---------------|---------------|
| | Note | (Rupees) | |
| EQUITY AND LIABILITIES | | | |
| Share Capital and Reserves | | | |
| Authorised Capital | | 200,000,000 | 200,000,000 |
| 20,000,000 (2015: 20,000,000) ordinary shares of Rs. 10 each | | | |
| Issued, subscribed & paid-up capital | 5 | 82,847,000 | 82,847,000 |
| General reserve | | 142,000,000 | 142,000,000 |
| Unappropriated profit | | (7,765,607) | 6,014,815 |
| | | 217,081,393 | 230,861,815 |
| Surplus on revaluation of fixed assets | 6 | 214,958,330 | 228,514,817 |
| Non-current liabilities | | | |
| Long term finances - secured | 7 | 392,915,253 | 392,915,253 |
| Liabilities against assets subject to finance lease | 8 | 5,545,043 | 5,545,043 |
| Deferred liabilities | 9 | 47,281,463 | 114,225,185 |
| | | 445,741,759 | 512,685,481 |
| Current Liabilities | | | |
| Trade and other payables | 10 | 21,587,799 | 51,357,393 |
| Accrued mark-up | 11 | 239,712,219 | 239,712,219 |
| Short term bank finances - secured | 12 | 1,153,888,574 | 1,153,888,574 |
| Current portion of long term finances | 7 | 63,936,000 | 63,936,000 |
| Current portion of liabilities against assets subject to finance lease | 8 | 13,719,441 | 13,719,441 |
| Provision for taxation | | - | 3,732 |
| | | 1,492,844,033 | 1,522,617,359 |
| Contingencies and Commitments | | | |
| | 13 | - | - |
| Total Equity and Liabilities | | 2,370,625,513 | 2,494,679,472 |
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 14 | 807,856,377 | 878,451,611 |
| Long term deposits | | 67,167,249 | 67,167,249 |
| | | 875,023,626 | 945,618,860 |
| Current Assets | | | |
| Stores, spares and loose tools | 15 | 96,476,808 | 96,476,808 |
| Stock-in-trade | 16 | 1,283,600,559 | 1,283,600,559 |
| Trade debtors - unsecured, considered good | | 16,105,802 | 57,341,796 |
| Loans and advances - considered good | 17 | 14,095,660 | 14,087,755 |
| Trade deposits | 18 | 50,855,962 | 50,855,962 |
| Sales tax refundable from government | | 32,516,687 | 39,943,682 |
| Other receivables | 19 | 1,950,409 | 1,950,409 |
| Cash and bank balances | 20 | - | 4,803,641 |
| | | 1,495,601,887 | 1,549,060,612 |
| Total Assets | | 2,370,625,513 | 2,494,679,472 |

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

CHIEF EXECUTIVE

-sd-

DIRECTOR

-dr

APOLLO TEXTILE MILLS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

| | Note | 2016 ------(Rupees)----- | 2015 |
|-------------------------------------|------|-----------------------------|---------------|
| Net sales | 21 | - | 373,158 |
| Cost of sales | 22 | (77,073,694) | (93,182,215) |
| Gross profit | | (77,073,694) | (92,809,057) |
| Selling and distribution expenses | 23 | - | (2,000) |
| Administrative and general expenses | 24 | (11,112,132) | (11,076,227) |
| | | (11,112,132) | (11,078,227) |
| Operating loss | | (88,185,826) | (103,887,284) |
| Finance costs | 25 | (4,211) | (19,316) |
| Loss before taxation | | (88,190,037) | (103,906,599) |
| Taxation | 26 | 60,853,128 | 6,208,823 |
| Loss after taxation | | (27,336,909) | (97,697,776) |
| Loss per share - basic and diluted | 27 | (3.30) | (11.79) |

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

CHIEF EXECUTIVE -sd-

DIRECTOR -sd-

APOLLO TEXTILE MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

| | 2016 | 2015 |
|--|-----------------------------|---------------------|
| | ----- <i>(Rupees)</i> ----- | |
| Loss for the year | (27,336,909) | (97,697,776) |
| Other Comprehensive Income: | | |
| Incremental depreciation arising from revaluation of property, plant and equipment | 19,647,083 | 21,350,766 |
| Deferred tax relating to component of comprehensive loss | (6,090,596) | (3,632,192) |
| Other comprehensive income - net of tax | 13,556,487 | 17,718,574 |
| Total comprehensive loss for the year | <u>(13,780,422)</u> | <u>(79,979,202)</u> |

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

CHIEF EXECUTIVE sd-

DIRECTOR -sd-

APOLLO TEXTILE MILLS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

| | 2016 | 2015 |
|--|---------------------|---------------|
| Note | ------(Rupees)----- | |
| Cash Generated from Operations | | |
| Loss before taxation | (88,190,037) | (103,906,599) |
| Adjustments for: | | |
| Depreciation | 14.2 70,595,235 | 77,111,084 |
| Finance costs | 25 4,211 | 19,316 |
| | 70,599,446 | 77,130,400 |
| Loss before working capital changes | (17,590,591) | (26,776,199) |
| (Increase)/Decrease in Current Assets | | |
| Stock-in-trade | - | (81,434) |
| Trade debtors - unsecured, considered good | 41,235,994 | 29,042,032 |
| Loans and advances - considered good | - | 12,079,534 |
| Trade deposits | - | 3,000,000 |
| Sales tax refundable from government | 7,426,995 | (1,018,117) |
| | 48,662,989 | 43,022,015 |
| Increase/(Decrease) in Current liabilities | | |
| Trade and other payables | (29,769,594) | (7,241,205) |
| Cash generated from operations | 1,302,804 | 9,004,612 |
| Payments for: | | |
| Finance costs | 25 (4,211) | (19,316) |
| Taxes | (6,102,234) | (12,088,918) |
| Net cash from operating activities (A) | (4,803,641) | (3,103,624) |
| Cash Flow From Investing Activities | | |
| Net cash (used) in investing activities (B) | - | - |
| Cash Flow From Financing Activities | | |
| Net cash (used) in financing activities (C) | - | - |
| Net increase/(decrease) in cash and cash equivalents (A+B+C) | (4,803,641) | (3,103,624) |
| Cash and cash equivalents at the beginning of the year | 4,803,641 | 7,907,265 |
| Cash and cash equivalents at the end of the year | - | 4,803,641 |
| Cash and Cash Equivalents | | |
| Book overdraft | - | - |
| Cash and bank balances | - | 4,803,641 |
| | - | 4,803,641 |

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

CHIEF EXECUTIVE -sd-

DIRECTOR -sd-

APOLLO TEXTILE MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

| | Share Capital | General Reserve | Unappropriated Profit | Total |
|---|----------------------|--------------------|-----------------------|--------------------|
| | ----- (Rupees) ----- | | | |
| Balance as at July 01, 2014 | 82,847,000 | 142,000,000 | 85,994,017 | 310,841,017 |
| Loss for the year ended June 30, 2015 | - | - | (97,697,776) | (97,697,776) |
| Other comprehensive income for the year | - | - | 17,718,574 | 17,718,574 |
| Total comprehensive loss | - | - | (79,979,202) | (79,979,202) |
| Balance as at July 01, 2015 | 82,847,000 | 142,000,000 | 6,014,815 | 230,861,815 |
| Loss for the year ended June 30, 2016 | - | - | (27,336,909) | (27,336,909) |
| Other comprehensive income for the year | - | - | 13,556,487 | 13,556,487 |
| Total comprehensive loss | - | - | (13,780,422) | (13,780,422) |
| Balance as at June 30, 2016 | 82,847,000 | 142,000,000 | (7,765,607) | 217,081,393 |

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

CHIEF EXECUTIVE -sd-

DIRECTOR -sd-

APOLLO TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1. LEGAL STATUS AND OPERATIONS

Apollo Textile Mills Limited (the Company) was incorporated in Pakistan on August 09, 1973 as a public limited company under Companies Act 1913 (now Companies Ordinance 1984) and started commercial production on November 16, 1976. The Company is principally engaged in the manufacturing and sale of cotton yarn. The Company is listed on the Karachi, Lahore and Islamabad's stock exchanges. The registered office of the Company is located at C 1, Ground Floor, 16th Commercial Street, Phase II Ext., D.H.A, Karachi in the province of Sindh and the manufacturing facility is located at Jasilwahin, Jhang Road, Muzaffargarh in the province of Punjab.

The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

2. STATEMENT OF COMPLIANCE AND SIGNIFICANT ESTIMATES

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting Standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Accounting Convention

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies herein below.

2.3 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the company's financial statements covering annual periods, beginning on or after the following dates:

2.3.1 Amendments to published standards effective in current year

The following standards, amendments and interpretations are effective for the year ended June 30, 2016. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments / Interpretation

**Effective date
(annual periods
beginning on or
after)**

| | |
|--|-----------------|
| IFRS 10 – Consolidated Financial Statements | January 1, 2015 |
| IFRS 11 – Joint Arrangements | January 1, 2015 |
| IFRS 12 – Disclosure of Interests in Other Entities | January 1, 2015 |
| IFRS 13 – Fair Value Measurement | January 1, 2015 |
| IAS 27 (Revised 2011) – Separate Financial Statements | January 1, 2015 |
| IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures | January 1, 2015 |

2.3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company.

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

| Standard, Interpretation or Amendment | Effective date (annual periods beginning on or after) |
|---|--|
| Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions. | January 1, 2018 |
| Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture. | Deferred indefinitely |
| Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception. | January 1, 2016 |
| Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations. | January 1, 2016 |
| Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative. | January 1, 2016 |
| Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative. | January 1, 2017 |
| Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealized losses. | January 1, 2017 |
| Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization. | January 1, 2016 |
| Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants. | January 1, 2016 |
| Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements. | January 1, 2016 |

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards.
- IFRS 9 – Financial Instruments.
- IFRS 14 – Regulatory Deferral Accounts.
- IFRS 15 – Revenue from Contracts with Customers.
- IFRS 16 – Leases.

2.4 SIGNIFICANT ESTIMATES

The preparation of financial statements in conformity with approved accounting standards 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. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are discussed in the ensuing paragraphs.

2.4.1 Property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

2.4.2 Taxation

In making the estimates for income taxes payable by the Company, the management consider the applicable taxation laws.

3. ACCOUNTING CONVENTION

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective policies and notes given hereunder.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

4.1 Property, Plant and Equipment

4.1.1 Operating Fixed Assets

Operating fixed assets are stated at cost / revalued amounts less accumulated depreciation. Depreciation is provided on a diminishing balance method at the rate mentioned in the relevant note. An amount equal to the incremental depreciation charged during the year on revalued assets is transferred from surplus on revaluation of fixed assets to reserves. Depreciation is charged from the date the asset is put into operation and discontinued from the date the asset is retired.

Gain and loss on disposal of assets are included in the profit and loss account currently.

4.1.2 Subsequent costs

The costs of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day to day servicing of property, plant and equipment are recognized in profit or loss as they are incurred.

4.1.3 Impairment of Assets

The carrying amount of the Company's assets are reviewed at each balance sheet date to identify circumstances indicating concurrence of impairment loss or reversal of previous impairment losses. If any such indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversal of impairment losses are recognized in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

4.2 Investment Property

Property held to earn rentals or for capital appreciation or for both is classified as investment property. Investment property comprises leasehold land and buildings on leasehold land. After initial recognition an investment property is carried at fair value and gain or loss arising from a change in the fair value of investment property is recognised in profit or loss for the period in which it arises.

The investment property of the Company has been valued by independent professionally qualified valuer as at June 30, 2016. The fair value of the investment property is based on active market prices.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference between the carrying amount and the fair value of this item at the date of transfer is recognized in the equity as a revaluation reserve for investment property. However, if a fair value gain reverses a previous impairment loss the gain is recognized in the profit and loss account to the extent of impairment charged previously in the profit and loss account. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings, the transfer is not made through the profit and loss account.

4.3 Investments

Considering the materiality of amount and non marketability of these shares on Stock Exchange , these have been valued at a token value of Re. 1 instead of market value as required by IAS-39.

4.4 Stores and Spares

Stores, spares and loose tools are valued at average cost except for items in transit which are stated at cost incurred up to the balance sheet date. For items which are slow moving and / or identified as surplus the Company's requirements, adequate provision is made for any excess book value over estimated realizable value. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence.

4.5 Stock in Trade

Stock in trade is valued at the lower of cost and net realizable value

Cost incurred in bringing each product to its present location and condition are accounted for as follows:

| | |
|---|---|
| Raw and packing material except in transit/bond | at purchase cost on an average basis |
| Finished goods and work in progress | average production cost which includes cost of: |
| | Direct material |
| | Direct wages |
| | Direct expenses |
| | Overheads |

Items in transit/bond are valued at cost comprising invoice values plus other charges incurred thereon up to the balance sheet date.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred to make the sale.

Trading goods are accounted for on cost which is the invoice value plus other expenses incurred to bring them to the point of sale.

4.6 Trade Debts

These are initially stated at fair value and subsequently measured at amortized cost using effective interest rate method less provisions for any uncollectible amounts. An estimate is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written off.

4.7 Trade and other payable

Trade and other amounts payable are recognized initially at fair value and subsequently carried at amortized cost.

4.8 Taxation

4.8.1 Current

Provision for current taxation is based on taxable income for the year at the current rates of taxation after taking into account tax credits and rebates available, if any.

4.8.2 Deferred

Deferred tax is recognized using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have enacted or substantively enacted by the reporting date.

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

4.9 Provisions

Provision are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made. Provision are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

4.10 Foreign Currencies

Pakistan rupee (PKR) is the functional currency of the Company. Transaction in foreign currencies are recorded in PKR at the exchange rate approximating those prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are reported in PKR at the exchange rate approximating those prevalent at the balance sheet date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currencies, are translated using the exchange rates at the date when the fair value was determined. Foreign exchange gains and losses resulting from the settlement of such transactions and translations are taken to income currently.

4.11 Revenue Recognition

Revenue is recognized to the extent that is probable that the future economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

Sales are recorded as revenue when the title of the goods is transferred to the customer which normally corresponds with the dispatch of goods to customers.

4.12 Borrowing Cost

Borrowing costs are recognized as an expense in the period they are incurred.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as a part of the asset.

4.13 Related Party Transactions

Transactions with related parties are carried out on commercial terms and conditions.

2016 2015

----- (Rupees) -----

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Ordinary shares of Rs. 10 each

| 2016 | 2015 | | | |
|------------------|------------------|------------------------|-------------------|-------------------|
| 7,439,700 | 7,439,700 | Issued for cash | 74,397,000 | 74,397,000 |
| 845,000 | 845,000 | Issued as bonus shares | 8,450,000 | 8,450,000 |
| 8,284,700 | 8,284,700 | | 82,847,000 | 82,847,000 |

- 5.1 There were no movements during the reporting year.
 5.2 The Company has one class of ordinary shares which carry no right to fixed income.
 5.3 6,555,020 shares representing 79.12% (2015: 6,555,020 shares 79.12%) are held by the Consolidated Overseas Investment & Finance Establishment.
 5.4 The company has no reserved shares under options and sales contract.

6 SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX

This represents surplus over book value resulting from the revaluation of fixed assets carried out in the year 2005 adjusted by incremental depreciation arising out of revaluation and deferred taxation.

| | Note | 2016 ----- (Rupees) ----- | 2015 ----- (Rupees) ----- |
|---|------|------------------------------|------------------------------|
| Balance at the beginning of the year | | 269,266,906 | 290,617,672 |
| Surplus arises during the year | | - | - |
| Less: Adjustment for incremental depreciation | | (19,647,083) | (21,350,766) |
| | | 249,619,823 | 269,266,906 |

Related deferred tax

Liability for revaluation at the beginning of the year
 Increase in deferred tax liability on revaluation
 Transfer to retained earnings in respect of incremental depreciation during the year

| | |
|--------------------|--------------------|
| 40,752,089 | 44,384,281 |
| - | - |
| (6,090,596) | (3,632,192) |
| 34,661,493 | 40,752,089 |
| 214,958,330 | 228,514,817 |

7 LONG TERM FINANCES - SECURED**From banking company**

| | | | |
|-------------------|-----|-------------|-------------|
| - Term finances | 7.1 | 48,839,289 | 48,839,289 |
| - Demand finances | 7.2 | 391,859,378 | 391,859,378 |

From related party

| | | | |
|-------------------------------|-----|-------------|-------------|
| - Director's and others' loan | 7.3 | 16,152,586 | 16,152,586 |
| | | 456,851,253 | 456,851,253 |

| | | | |
|---|--|--------------------|--------------------|
| Less: Current portion shown under current liabilities | | (63,936,000) | (63,936,000) |
| | | 392,915,253 | 392,915,253 |

- 7.1 These facilities for term finances have been obtained by the company from a financial institution which carries a markup rate of 6 months KIBOR plus 1.5% to 4% (2015: 6 months KIBOR plus 1.5% to 4%) which is repayable in 10 to 73 equal installments on half yearly, quarterly and monthly basis. The facilities are secured against pari passu charge over fixed assets of the company including land, building, plant & machinery.
- 7.2 These facilities for demand finances have been obtained by the company from a financial institution which carries a markup rate of 3 months average KIBOR plus 3.9% to 6 months KIBOR plus 4% (2015: 3 months average KIBOR plus 3.9% to 6 months KIBOR plus 4%) which is repayable in 16 to 20 equal installments on quarterly basis. The facilities are secured against pari passu charge and first mortgage on all present and future assets of the company including land, building, plant & machinery.
- 7.3 This represents mark up free loans from directors repayable in more than one year.

8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

| | 2 0 1 6 | | 2 0 1 5 | |
|---|-------------------------------|----------------------|-------------------------------|----------------------|
| | <i>----- (Rupees) -----</i> | | <i>----- (Rupees) -----</i> | |
| | Minimum lease payments | Present Value | Minimum lease payments | Present Value |
| Within one year | 24,454,029 | 13,719,441 | 24,454,029 | 13,719,441 |
| After one year but not more than five years | - | 5,545,043 | - | 5,545,043 |
| Total minimum lease payments | 24,454,029 | 19,264,484 | 24,454,029 | 19,264,484 |
| Less: Amount representing finance charges | (5,189,545) | - | (5,189,545) | - |
| Present value of minimum lease payments | 19,264,484 | 19,264,484 | 19,264,484 | 19,264,484 |
| Less: Payable within one year | (13,719,441) | (13,719,441) | (13,719,441) | (13,719,441) |
| | 5,545,043 | 5,545,043 | 5,545,043 | 5,545,043 |

8.1 These finances have been obtained by the company from a leasing company which carries effective interest rate of 13.83% (2015: 13.83%). These finances are secured against demand promissory note and personal guarantee of one sponsoring director.

9 DEFERRED LIABILITIES

| | <i>Note</i> | 2 0 1 6 | 2 0 1 5 |
|-------------------|-------------|-----------------------------|-----------------------------|
| | | <i>----- (Rupees) -----</i> | <i>----- (Rupees) -----</i> |
| Gratuity | 9.1 | 12,270,666 | 12,270,666 |
| Deferred taxation | 9.1.1 | 35,010,797 | 101,954,519 |
| | | <u>47,281,463</u> | <u>114,225,185</u> |

9.1 Gratuity**Movement in net liability recognized**

| | | |
|-----------------------|-------------------|-------------------|
| Opening net liability | 12,270,666 | 12,270,666 |
| Expense for the year | - | - |
| Closing net liability | <u>12,270,666</u> | <u>12,270,666</u> |

9.1.1 Historical information

| | 2 0 1 6 | 2 0 1 5 | 2 0 1 4 | 2 0 1 3 | 2 0 1 2 |
|--|-----------------------------|-------------------|-------------------|-------------------|------------------|
| | <i>----- (Rupees) -----</i> | | | | |
| Present value of defined benefit obligation | 12,270,666 | 12,270,666 | 12,270,666 | 12,394,667 | 9,543,060 |
| Fair value of plan assets | - | - | - | - | - |
| Surplus /(Deficit) in the plan | 12,270,666 | 12,270,666 | 12,270,666 | 12,394,667 | 9,543,060 |
| Unrecognised actuarial gain / (loss) | - | - | - | - | - |
| (Asset) / liability in balance sheet | <u>12,270,666</u> | <u>12,270,666</u> | <u>12,270,666</u> | <u>12,394,667</u> | <u>9,543,060</u> |
| Experience adjustment arising on plan liabilities (gains) / losses | - | - | - | - | - |
| Experience adjustment arising on plan assets gains / (losses) | - | - | - | - | - |

2016 2015

Note ----- (Rupees) -----

9.2 Deferred Taxation**This comprises the following:-****Deferred tax liabilities on taxable temporary differences arising in respect of:**

Owned assets

Surplus on revaluation of fixed assets

| | |
|------------|-------------|
| 4,439,976 | 73,637,817 |
| 34,661,493 | 40,752,089 |
| 39,101,469 | 114,389,906 |

Deferred tax asset on deductible temporary differences: arising in respect of:

Provision for gratuity

Leased liability net of assets

Tax losses and minimum tax

| | |
|-------------|--------------|
| (3,803,906) | (2,024,794) |
| (286,767) | (323,769) |
| - | (10,086,824) |
| (4,090,673) | (12,435,387) |
| 35,010,797 | 101,954,519 |

Since the company is not in operations and unused tax losses are not expected to be realized, therefore, deferred tax asset amounting Rs. 30.465 million on such losses have not been recognized.

10 TRADE AND OTHER PAYABLES

Creditors

Accrued liabilities

Unclaimed dividend

Excise duty

Others

10.1

| | |
|------------|------------|
| 13,540,449 | 24,992,781 |
| 175,000 | 18,492,262 |
| 2,331,670 | 2,331,670 |
| 35,014 | 35,014 |
| 5,505,666 | 5,505,666 |
| 21,587,799 | 51,357,393 |

10.1 This represents dividend payable to Consolidated Overseas Investment & Finance Establishment. This amount is unpaid on the instruction of the said company and dividend declared in 2010 and unpaid due to the orders of Honourable High Court of Sindh.

2016 2015

Note ----- (Rupees) -----

11 ACCRUED MARK-UP

From banking companies

Long term finances

Short term bank finances

| | |
|-------------|-------------|
| 111,002,851 | 111,002,851 |
| 128,709,368 | 128,709,368 |
| 239,712,219 | 239,712,219 |

12 SHORT TERM BANK FINANCES - SECURED

Running finance

12.1 1,153,888,574 1,153,888,574

12.1 These represent finances obtained from financial institutions which carries markup ranging from 5.30% to 15.86% (2015: 5.30% to 15.86%) per annum payable on quarterly basis. These finances are secured against first pari passu charge over current assets of the Company, pledge of raw cotton yarn, first pari passu hypothecation charge over charge stock of the Company, lien on export acceptance LC and secured by personal guarantee of sponsoring directors.

2016 2015

Note ----- (Rupees) -----

13 CONTINGENCIES AND COMMITMENTS**13.1 Contingencies:**

Bank guarantees issued to Collector of Customs against import license fee on machinery

Claim on The Bank of Punjab

Claim on Standard Chartered Bank

Claim on NIB Bank Limited

Claim on Soneri Bank Limited

Claim on Summit Bank Limited

Claim on National Bank Limited

Claim on standard chartered leasing

| | |
|----------------|----------------|
| 12,900,000 | 12,900,000 |
| 2,421,186,069 | 2,421,186,069 |
| 12,093,523,802 | 12,093,523,802 |
| 3,244,043,924 | 3,244,043,924 |
| 3,145,128,891 | 3,145,128,891 |
| 4,626,542,007 | 4,626,542,007 |
| 13,261,641,097 | 13,261,641,097 |
| 29,254,378 | 29,254,378 |

- 13.1.1 The company has filed Suit No. 59/2008 against The Bank of Punjab before the Honorable Lahore High Court, to the tune of Rs. 2,421,186,069/- for the recovery of losses and demges occasioned to the Company in view of the unauthorized removal of the pledged goods by the said bank and their muqaddam and for the recovery of money illegally charged and recovered from the accounts of the company and losses occurred due to the unfair practice of the bank. The Bank of Punjab has filed Suit No cos 06 against the company for Rs. 495,321,000/- in The Honorable Lahore High Court Lahore.
- 13.1.2 The Company has filed Suit No. B-91/2008 in The Honorable High Court of Sindh, Karachi against Standard Chartered Bank Limited to the tune of Rs. 4,447,144,670/- and Suit No B-78 for Rs. 7,646,379,132/- in the Honorable High Court of Sindh, for the recovery of loss and damage occasioned to the Company in view of unauthorized removal of the pledged goods by the said bank and their muqaddam and for the recovery of money illegally charged ad recovered from the accounts of the company by the bank. The Standard Chartered Bank Limited has filed suit no B-78/2009 against the company for Rs. 509,286,662/- in the Honorable High Court of Sindh, Karachi.
- 13.1.3 The Company has filed suit No. B-77/2008 in The Honorable High Court of Sindh, Karachi against NIB Bank Limited to the tune of Rs. 3,244,043,924/- as the said bank contravened the Terms & Conditions of the agreement made between the bank and the company and NIB Bank has filed suit No B-59/2008 against the company of Rs. 363,040,038/- in the Honorable High Court of Sindh, Karachi.
- 13.1.4 M/s Soneri Bank has filed suit no B-58/2008 in The Honorable High Court of Sindh, Karachi against the company for the recovery of Rs. 559,534,188. The company has filed applications for leave to defend against Soneri Bank Limited to the tune of Rs. 3,145,128,891/- in the Honorable High Court Sindh, Karachi.
- 13.1.5 M/s Summit Bank Limited (Formerly My Bank Limited) has filed suit # B-55/2008 in the Honorable High Court of Sindh, Karachi against the company for the recovery of Rs. 57,180,625. The company has filed suit No B-118/2009 against M/s Summit Bank Limited (Formerly My Bank Limited) to the tune of Rs 4,626,542,007/- in the Honorable High Court Sindh, Karachi.
- 13.1.6 M/s National Bank of Pakistan has filed Suit # B-115/2008 in the Honorable High Court of Sindh, Karachi against the company for the recovery of Rs. 98,559,238. The company has filed application for leave to defend against National Bank of Pakistan to the tune of Rs. 13,261,641,097/- in the Honorable High Court Sindh, Karachi.
- 13.1.7 M/s Standard Chartered Leasing has filed Suit # B-1511/2009 in the Honorable Banking Court No 1, Karachi against the company for the recovery of Rs. 29,254,378. The company has filed application for leave to defend against Standard Chartered Leasing in the Honorable Banking Court No 1, Karachi.
- 13.1.8 Based on the opinion of company's legal counsel representing the matter in the courts, the chances of company's success in all cases are fair and bright.

13.2 Commitments

- 13.2.1 There are no Commitments as on June 30, 2016. (2015:NIL)

14 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets

| Note | 2016 | 2015 |
|------|----------------------|--------------------|
| | ----- (Rupees) ----- | |
| 14.1 | <u>807,856,377</u> | <u>878,451,611</u> |

14.1 OPERATING FIXED ASSETS

| Description | Owned | | | | | | | | | | Leased | | Total |
|-----------------------------|---------------|------------------------------------|--|-------------------|-----------------------|------------------|-----------------------|-----------|------------------|------------|-------------------|---|---------------|
| | Freehold Land | Factory building on leasehold land | Non factory building on free hold land | Plant & machinery | Electric installation | Office equipment | Furniture and fixture | Computers | Air conditioners | Vehicles | Plant & machinery | | |
| COST | | | | | | | | | | | | | |
| Balance as at 01 July, 2014 | 31,543,750 | 218,773,416 | 41,337,086 | 1,590,026,737 | 6,649,648 | 4,976,399 | 1,105,577 | 4,923,772 | 3,363,243 | 13,570,879 | 26,565,032 | | 1,942,835,539 |
| Additions | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Balance as at 30 June, 2015 | 31,543,750 | 218,773,416 | 41,337,086 | 1,590,026,737 | 6,649,648 | 4,976,399 | 1,105,577 | 4,923,772 | 3,363,243 | 13,570,879 | 26,565,032 | | 1,942,835,539 |
| Balance as at 01 July, 2015 | 31,543,750 | 218,773,416 | 41,337,086 | 1,590,026,737 | 6,649,648 | 4,976,399 | 1,105,577 | 4,923,772 | 3,363,243 | 13,570,879 | 26,565,032 | | 1,942,835,539 |
| Additions | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Balance as at 30 June, 2016 | 31,543,750 | 218,773,416 | 41,337,086 | 1,590,026,737 | 6,649,648 | 4,976,399 | 1,105,577 | 4,923,772 | 3,363,243 | 13,570,879 | 26,565,032 | | 1,942,835,539 |
| DEPRECIATION | | | | | | | | | | | | | |
| Balance as at 01 July, 2014 | - | 128,753,934 | 15,392,965 | 795,995,253 | 5,660,542 | 4,204,685 | 937,078 | 4,755,535 | 2,793,862 | 12,505,794 | 16,273,195 | | 987,272,843 |
| Charge for the year | - | 9,001,948 | 1,297,206 | 65,269,388 | 98,911 | 77,171 | 16,850 | 50,471 | 56,938 | 213,017 | 1,029,184 | | 77,111,084 |
| On disposals | - | - | - | - | - | - | - | - | - | - | - | | - |
| Balance as at 30 June, 2015 | - | 137,755,882 | 16,690,171 | 861,264,641 | 5,759,453 | 4,281,856 | 953,928 | 4,806,006 | 2,850,800 | 12,718,811 | 17,302,379 | | 1,064,383,927 |
| Balance as at 01 July, 2015 | - | 137,755,882 | 16,690,171 | 861,264,641 | 5,759,453 | 4,281,856 | 953,928 | 4,806,006 | 2,850,800 | 12,718,811 | 17,302,379 | | 1,064,383,927 |
| Charge for the year | - | 8,101,753 | 1,232,346 | 59,904,244 | 89,020 | 69,454 | 15,165 | 35,330 | 51,244 | 170,414 | 926,265 | | 70,595,235 |
| On disposals | - | - | - | - | - | - | - | - | - | - | - | | - |
| Balance as at 30 June, 2016 | - | 145,857,635 | 17,922,517 | 921,168,885 | 5,848,473 | 4,351,310 | 969,093 | 4,841,336 | 2,902,044 | 12,889,225 | 18,228,644 | | 1,134,979,162 |
| CARRYING AMOUNT - 2016 | | | | | | | | | | | | | |
| | 31,543,750 | 72,915,781 | 23,414,569 | 668,857,852 | 801,176 | 625,089 | 136,484 | 82,436 | 461,199 | 681,654 | 8,336,388 | | 807,856,377 |
| CARRYING AMOUNT - 2015 | | | | | | | | | | | | | |
| | 31,543,750 | 81,017,534 | 24,646,915 | 728,762,096 | 890,195 | 694,543 | 151,649 | 117,766 | 512,443 | 852,068 | 9,262,653 | | 878,451,611 |
| RATE OF DEPRECIATION (%) | | | | | | | | | | | | | |
| | | 10% | 5% | 8.22% | 10% | 10% | 10% | 30% | 10% | 20% | 10% | | |

2016 2015
----- (Rupees) -----
Note

14.2 Depreciation has been charged to:

| | | |
|-------------------------------------|-------------------|-------------------|
| Cost of sales | 70,164,609 | 76,597,726 |
| Administrative and general expenses | 430,626 | 513,357 |
| | <u>70,595,235</u> | <u>77,111,084</u> |

Had there been no revaluation, the related figures of lease hold land, buildings and plant and machinery as at June 30, 2016 would have been as follows:

| | June 30, 2016 | | | June 30, 2015 | | |
|--|----------------------|--------------------------|--------------------|----------------------|--------------------------|--------------------|
| | Cost | Accumulated Depreciation | Carrying value | Cost | Accumulated Depreciation | Carrying value |
| | ----- (Rupees) ----- | | | | | |
| Free hold land | 1,759,076 | - | 1,759,076 | 1,759,076 | - | 1,759,076 |
| Factor building on free hold land | 168,162,573 | 125,714,285 | 42,448,289 | 168,162,573 | 120,997,808 | 47,164,765 |
| Non factory building on free hold land | 8,232,634 | 6,097,810 | 2,134,824 | 8,232,634 | 5,985,451 | 2,247,183 |
| Plant and machinery | 1,663,172,183 | 1,162,482,577 | 500,689,606 | 1,663,172,183 | 1,117,639,816 | 545,532,367 |
| | <u>1,841,326,466</u> | <u>1,294,294,671</u> | <u>547,031,795</u> | <u>1,841,326,466</u> | <u>1,244,623,075</u> | <u>596,703,391</u> |

The revaluation of land, buildings and plant & machinery was carried out on May 31, 2005 by M/s. Iqbal A. Nanjee & Co. an independent surveyor and valuer on the basis of market value or depreciated replacement values as applicable.

2016 2015
----- (Rupees) -----
Note

15 STORES, SPARES AND LOOSE TOOLS

| | | |
|-------------|-------------------|-------------------|
| Stores | 16,130,764 | 16,130,764 |
| Spares | 80,256,801 | 80,256,801 |
| Loose tools | 89,243 | 89,243 |
| | <u>96,476,808</u> | <u>96,476,808</u> |

16 STOCK IN TRADE

| | | | |
|----------------|------|----------------------|----------------------|
| Raw material | 16.1 | 298,517,457 | 298,517,457 |
| Finished goods | 16.2 | 985,083,102 | 985,083,102 |
| | | <u>1,283,600,559</u> | <u>1,283,600,559</u> |

16.1 The Stock in trade includes stocks of raw cotton and cotton yarn misappropriated by the banks and their muqaddams amounting to Rs. 250,877,333 and Rs. 989,382,159 respectively. (2015: Rs 250,877,333 and Rs. 989,382,159). Misappropriated stock is valued as per policy adopted for valuation of Stock in trade and represents misappropriation of raw material and finished goods pledged with various banks.

16.2 For the recovery of value of misappropriated stock, the company has filed suits against The Bank of Punjab before the Honorable High Court of Punjab, Lahore and against Standard Chartered Bank and Soneri Bank Limited before the Honorable High Court of Sindh, Karachi.

2016 2015
----- (Rupees) -----
Note

17 LOANS AND ADVANCES -CONSIDERED GOOD

| | | |
|--------------------|-------------------|-------------------|
| Advance income tax | 14,095,660 | 14,087,755 |
| | <u>14,095,660</u> | <u>14,087,755</u> |

| | | 2016 | 2015 |
|--|------|--------------------|--------------------|
| | Note | ----- | ----- |
| | | (Rupees) | |
| 18 TRADE DEPOSITS | | | |
| Margin against bank guarantees | | 11,175,800 | 11,175,800 |
| Others | | 39,680,162 | 39,680,162 |
| | | <u>50,855,962</u> | <u>50,855,962</u> |
| 19 OTHER RECEIVABLES | | | |
| Central excise duty | 19.1 | 1,253,889 | 1,253,889 |
| Excise duty drawback | | 656,828 | 656,828 |
| Others | | 39,692 | 39,692 |
| | | <u>1,950,409</u> | <u>1,950,409</u> |
| 19.1 This represents central excise duty on loans. The matter was decided in Sindh High Court in favour of the company. However, Federation of Pakistan has filed an appeal before the Supreme Court of Pakistan against the said order of Sindh High Court. | | | |
| 20 CASH AND BANK BALANCES | | | |
| In hand | | - | - |
| At banks in current accounts | | - | 4,803,641 |
| | | <u>-</u> | <u>4,803,641</u> |
| 21 NET SALES | | | |
| Yarn | | - | - |
| Local | | - | 373,158 |
| | | <u>-</u> | <u>373,158</u> |
| 22 COST OF SALES | | | |
| Raw material consumed | 22.1 | - | - |
| Salaries, wages and benefits | 22.2 | 621,000 | 5,880,000 |
| Fuel and power | | 408,085 | 2,208,125 |
| Depreciation | 14.2 | 70,164,609 | 76,597,726 |
| Security expense | | 5,880,000 | - |
| Insurance | | - | 6,837,685 |
| Others | | - | 1,345,679 |
| | | <u>77,073,694</u> | <u>92,869,215</u> |
| Opening inventory of finished goods | | 985,083,102 | 985,396,102 |
| Closing inventory of finished goods | | (985,083,102) | (985,083,102) |
| | | <u>77,073,695</u> | <u>93,182,215</u> |
| 22.1 Raw Material Consumed | | | |
| Opening stock | | 298,517,457 | 298,123,023 |
| Purchases | | - | 394,434 |
| | | <u>298,517,457</u> | <u>298,517,457</u> |
| Closing stock | | (298,517,457) | (298,517,457) |
| | | <u>-</u> | <u>-</u> |
| 22.2 This includes Rs. Nil (2015: Nil) in respect of retirement benefits. | | | |
| 23 SELLING AND DISTRIBUTION EXPENSES | | | |
| Freight on local sales | | - | 2,000 |
| | | <u>-</u> | <u>2,000</u> |

| | | 2016 | 2015 |
|---|------|-------------------|-------------------|
| | Note | ----- | ----- |
| | | (Rupees) | |
| 24 ADMINISTRATIVE AND GENERAL EXPENSES | | | |
| Directors' remuneration | | 5,160,000 | 4,800,000 |
| Salaries and other benefits | 24.1 | 1,140,000 | 592,480 |
| Rent, rates and taxes | | 210,000 | 997,813 |
| Postage, telegram and telephone | | - | 126,000 |
| Printing and stationery | | - | 12,441 |
| Traveling & conveyance | | - | 21,525 |
| Legal and professional | | - | 1,065,200 |
| Fees and subscription | | - | 31,873 |
| Repair and maintenance | | - | 159,651 |
| Advertisement | | - | 3,160 |
| Vehicles running and maintenance | | 960,000 | 145,432 |
| Auditors' remuneration | 24.2 | 175,000 | 590,600 |
| Depreciation | 14.2 | 430,626 | 513,357 |
| Others | | 3,036,506 | 2,016,696 |
| | | <u>11,112,132</u> | <u>11,076,227</u> |

24.1 This includes Rs. Nil (2015: Nil) in respect of retirement benefits

24.2 Auditors' remuneration

| | | |
|------------------------|----------------|----------------|
| Annual audit fee | 175,000 | 400,000 |
| Half yearly review fee | - | 140,600 |
| Out of pocket expense | - | 50,000 |
| | <u>175,000</u> | <u>590,600</u> |

24.3 None of the directors or their spouses had any interest in the donee's institution.

25 FINANCE COSTS

| | | |
|-------------------------------------|--------------|---------------|
| Mark-up on Long term finances | - | - |
| Mark-up on short term bank finances | - | - |
| Bank charges and commission | 4,211 | 19,316 |
| | <u>4,211</u> | <u>19,316</u> |

26 TAXATION

| | | | |
|----------|------|---------------------|--------------------|
| Current | 26.1 | - | 3,732 |
| Prior | | - | - |
| Deferred | | (91,318,955) | (6,212,555) |
| | | <u>(91,318,955)</u> | <u>(6,208,823)</u> |

26.1 The relationship between tax expense and accounting profit has not been presented in these financial statements as the major income of the company falls under final tax regime and hence tax has been provided under section 154 and 169 of the Income Tax Ordinance, 2001

27 Earnings Per Share - Basic & Diluted

| | | |
|---------------------------|----------------|----------------|
| Profit after taxation | (91,810,147) | (97,697,776) |
| Number of ordinary shares | 8,284,700 | 8,284,700 |
| Basic earnings per shares | <u>(11.08)</u> | <u>(11.79)</u> |

27.1 A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2016 and June 30, 2015 which would have any effect on the earnings per share if the option to convert is exercised.

31 ACCOUNTING ESTIMATES & JUDGEMENTS

The company makes estimates and assumptions that effect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

31.1 Trade Debtors

The Company reviews its receivables against provision required there on an ongoing basis. The provision is made taking into consideration expected recoveries, if any.

31.2 Income Taxes

In making the estimates for income taxes currently payable by the Company the management considers the current income tax law and decision of appellate authorities on certain issues in the past.

31.3 Defined retirement benefit

The Company operates an unfunded gratuity scheme for all its permanent employees. Estimates of liability in respect of staff retirement gratuity (note 9.1).

31.4 Provision for obsolete stock

The management continuously reviews its inventory for existence of any items which may have become obsolete. These estimates are based on historical experience and are continuously reviewed.

31.5 Impairment of assets

In accordance with the accounting policy, the management carries out the annual assessment to ascertain whether any of the Company's assets are impaired. This assessment may change due to technological development.

31.6 Depreciable amount and useful life of fixed

In accordance with the accounting policy, the management carries out the annual assessment of depreciable amount and useful life of fixed assets. The Company seek advice from the technical department in this regard.

32 CORRESPONDING FIGURES

Certain corresponding figures have been reclassified / rearranged for the purpose of better presentation. However, no significant re-arrangements have been made.

33 Authorisation Of Financial Statements And Appropriations

These financial statements were authorised for issue on _____ by the Board of Directors.

34 General

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE -SD-

DIRECTOR -SD-

APOLLO TEXTILE MILLS LIMITED
CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2016

| Sr # | Shareholder Category | Percentage | No. of Shares |
|----------|---|---------------|------------------|
| 1 | CEO, DIRECTORS AND THEIR SPOUSES AND MINOR CHILDREN | | |
| | Mr. Ikram Zahur | 9.38 | 777,490 |
| | Mr. Abdul Rehman Zahur | 8.84 | 731,990 |
| | Mr. Mohammad Tahir Khan | 0.01 | 500 |
| | Mr. Mohammad Farooq | 0.01 | 500 |
| | Mr. Shabbir Ahmed | 0.01 | 500 |
| | Mr. Riaz Hussain | 0.01 | 500 |
| | Mr. Mohammad Liaquat | 0.01 | 500 |
| 2 | ASSOCIATED COMPANIES UNDERTAKINGS AND RELATED PARTIES | - | - |
| 3 | NIT | | |
| | IDBL (ICP UNIT) | 0.00 | 100 |
| 4 | NON BANKING FINANCE INSTITUTIONS, INSURANCE COMPANIES, MODARBAS AND MUTUAL FUNDS | | |
| | National Industrial Co-Operative Finance Corp Ltd | 0.00 | 400 |
| | Modaraba Al Mali | 0.01 | 500 |
| | Crescent Star Insurance Company | 0.02 | 2,000 |
| 5 | FOREIGN INVESTOR | 79.12 | 6,555,020 |
| 6 | INDIVIDUAL SHAREHOLDERS | 2.59 | 214,700 |
| | TOTAL | 100.00 | 8,284,700 |
| 7 | SHAREHOLDERS HOLDING 05% OR MORE | | |
| | Consolidated Overseas Investment & Finance | 79.12 | 6,555,020 |
| | Mr. Ikram Zahur | 9.38 | 777,490 |
| | Mr. Abdul Rehman Zahur | 8.84 | 731,990 |

PROXY FORM

APOLLO TEXTILE MILLS LIMITED

Please quote Reg. Folio Number

I/We _____
of _____
Being a member of Apollo Textile Mills Limited and holder of _____
ordinary shares hereby appoint _____
of _____

as my/our proxy in my/our absence to attend and vote for me/us o my/our behalf at the Ordinary General Meeting of the Company to be held on 28th October, 2016 at 8:00 a.m. at 48-C, 13th Commercial Street, Phase II Ext, D.H.A, Karachi and at any adjournment thereof.

Signed this _____ day of _____ 2016.

On Rs. 5/-
Revenue Stamp

(1) Witness Signature

(2) Witness Signature

Signature of Proxy

(Member's Signature)

Note:

- i) This form of Proxy, in order to be effective must be deposited duly completed with the company not less than 48 before the time for holding the meeting.
- ii) The Proxy must be signed across a Rs. 5/- Revenue Stamp.
- iii) Signature should agree with the specimen registered with the company.