

APOLLO TEXTILE MILLS LTD



APOLLO TEXTILE MILLS LIMITED
QUARTERLY ACCOUNTS
FOR THE PERIOD ENDED
DECEMBER 31ST – 2017

COMPANY INFORMATION

BOARD OF DIRECTORS CHIEF EXECUTIVE DIRECTORS

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

AUDITORS

: MAZARS M.F. & 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 & 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

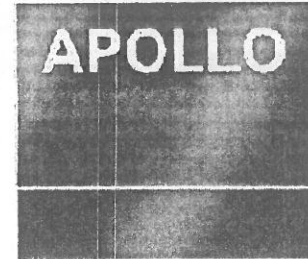
: 14th Floor, BRR Tower, I.I. Chundrigar Road,
Karachi.

MILLS

: Jasilwahin, Jhang Road
: Muzaffargarh

APOLLO TEXTILE MILLS LTD

14th Floor, BRR Tower, I.I. Chundrigar Road, Karachi



DIRECTOR REPORT

The financial statements (un-audited) of the company for the 2nd Quarter ended on 31st December, 2017 are being presented to you.

The Company remains closed due to crises in the textile sector. We are striving hard to restore the operations when the situation improves.

On Behalf of the Board of Directors


Chief Executive

Karachi
Dated: 16th Feb, 2018.

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **APOLLO TEXTILE MILLS LIMITED** as at **December 31, 2017** and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows together with the notes forming part thereof (here-in-after referred to as the "interim financial information"), for the half 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 review. Management is responsible for the preparation for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for the interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

The figures of the condensed interim profit and loss account for the quarters ended December 31, 2017 and 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

Scope of Review

We conducted our review in accordance with the International Standard. These standards require that we plan and perform the review 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.

Basis for adverse conclusion

We believe that our review 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 half year ended December 31, 2017 the company sustained after tax loss of Rs. 44.563 million and its accumulated losses stood at Rs. 114.95 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. The stocks of raw cotton and cotton yarn was misappropriated by the banks and their muqaddams amounting to Rs. 128,360,0559 which was 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 4.1.1 to 4.1.8 which describes the matters relating to the stocks and the pending suits filed by and against the company.
- iii. As disclosed in note 4.1.1 to 4.1.8 of the financial statements where it has been mentioned that there are suits filed against the company.
- iv. 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.
- v. 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.
- vi. 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.
- vii. We were unable to obtain appropriate evidence as to the assets and liabilities.

Conclusion

Our review indicates that, because of the significance of the matters discussed in paragraphs i - vii above, this interim financial information does not give a true and fair view of the financial position of the company as at December 31, 2017, and of its financial performance and its cash flows for the half year then ended, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.


Mazars M.F. & Co.

 Chartered Accountants

Engagement partner: Hussaini Fakhruddin
Karachi

Date: 16 FEB 2018

APOLLO TEXTILE MILLS LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2017

AS AT DECEMBER 31, 2017	Un-Audited December 31, 2017	Audited June 30, 2017
	----- (Rupees) -----	
Note		
EQUITY AND LIABILITIES		
Share Capital and Reserves		
Authorised Capital 20,000,000 (June 30, 2016: 20,000,000) ordinary shares of Rs. 10 each	200,000,000	200,000,000
Issued, subscribed & paid-up capital	82,847,000	82,847,000
General reserve	142,000,000	142,000,000
Unappropriated loss	(114,950,734)	(77,396,374)
	109,896,266	147,450,626
Surplus on revaluation of fixed assets	198,499,076	205,508,496
Non-current liabilities		
Long term finances - secured	392,915,253	392,915,253
Liabilities against assets subject to finance lease	5,545,043	5,545,043
Deferred liabilities	47,281,463	47,281,463
	445,741,759	445,741,759
Current Liabilities		
Trade and other payables	26,071,735	26,387,798
Accrued mark-up	239,712,219	239,712,219
Short term bank finances - secured	1,153,888,574	1,153,888,574
Current portion of long term finances	63,936,000	63,936,000
Current portion of liabilities against assets subject to finance lease	13,719,441	13,719,441
Provision for taxation	-	-
	1,497,327,969	1,497,644,032
Contingencies and Commitments		
	-	-
Total Equity and Liabilities	2,251,465,070	2,296,344,912
ASSETS		
Non-Current Assets		
Property, plant and equipment	710,897,099	743,216,860
Long term deposits	67,167,249	67,167,249
	778,064,348	810,384,109
Current Assets		
Stores, spares and loose tools	96,476,808	96,476,808
Stock-in-trade	1,283,600,559	1,283,600,559
Trade debtors - unsecured, considered good	1,128,580	6,459,631
Loans and advances - considered good	14,106,338	14,100,748
Trade deposits	48,412,390	50,855,962
Sales tax refundable from government	26,716,843	32,516,687
Other receivables	1,950,409	1,950,409
Cash and bank balances	1,008,795	-
	1,473,400,722	1,485,960,804
Total Assets	2,251,465,070	2,296,344,912

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


Chief Executive Officer


Chief Financial Officer


Director

APOLLO TEXTILE MILLS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Half yearly ended (un-audited)		Quarterly ended (un-audited)	
	31 December	31 December	31 December	31 December
	2017	2016	2017	2016
	----- (Rupees) -----		----- (Rupees) -----	
Net sales				
Cost of sales	(38,262,762)	(34,802,590)	(19,030,881)	(1,226,470)
Gross profit	(38,262,762)	(34,802,590)	(19,030,881)	(1,226,470)
Administrative and general expenses	(6,245,364)	(1,818,214)	(1,867,409)	(908,349)
Operating loss	(44,508,126)	(36,620,804)	(20,898,290)	(2,134,819)
Finance costs	(55,654)	(15,728)	(14,486)	(7,605)
Loss before taxation	(44,563,780)	(36,636,532)	(20,912,776)	(2,142,424)
Taxation	-	-	-	-
Loss after taxation	(44,563,780)	(36,636,532)	(20,912,776)	(2,142,424)
Loss per share - basic and diluted	(5.38)	(4.42)	(2.52)	(0.26)

Note

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

Chief Executive Officer

Chief Financial Officer


Director

APOLLO TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Half yearly ended (un-audited)		Quarterly ended (un-audited)	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	----- (Rupees) -----		----- (Rupees) -----	
Loss for the Period	(44,563,780)	(36,636,532)	(20,912,776)	(2,142,424)
Other Comprehensive Income:				
Incremental depreciation arising from revaluation of property, plant and equipment	8,246,377	8,999,842	--	--
Deferred tax relating to component of comprehensive loss	(1,236,957)	(2,699,953)	-	-
Other comprehensive income - net of tax	7,009,420	6,299,889	-	-
Total comprehensive loss for the year	<u>(37,554,360)</u>	<u>(30,336,642)</u>	<u>(20,912,776)</u>	<u>(2,142,424)</u>

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


Chief Executive Officer


Chief Financial Officer


Director

APOLLO TEXTILE MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	31 December 2017	31 December 2016
Note	------(Rupees)-----	
Cash Generated from Operations		
Loss before taxation	(44,563,780)	(36,636,532)
Adjustments for:		
Depreciation	32,319,760	32,319,760
Finance costs	55,654	15,728
	32,375,414	32,335,487
Loss before working capital changes	(12,188,366)	(4,301,044)
(Increase)/Decrease in Current Assets		
Stock-in-trade	-	-
Trade debtors - unsecured, considered good	5,331,051	4,258,298
Loans and advances - considered good	(5,590)	(1,599)
Trade deposits	2,443,572	-
Sales tax refundable from government	5,799,844	-
	13,568,877	4,256,699
Increase/(Decrease) in Current liabilities		
Trade and other payables	(316,062)	-
Cash generated from operations	1,064,449	(44,346)
Payments for:		
Finance costs	(55,654)	(15,728)
Taxes	-	-
Net cash from operating activities (A)	1,008,795	(60,073)
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)	1,008,795	(60,073)
Cash and cash equivalents at the beginning of the year	-	61,099
Cash and cash equivalents at the end of the year	1,008,795	1,026
Cash and Cash Equivalents		
Cash and bank balances	1,008,795	1,026
	1,008,795	1,026

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


Chief Executive Officer


Chief Financial Officer


Director

APOLLO TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Share Capital	General Reserve	Unappropriated Profit / (Loss)	Total
	------(Rupees)-----			
Balance as at July 01, 2016	82,847,000	142,000,000	(7,765,607)	217,081,393
Loss for the period ended June 30, 2016	-	-	(79,080,601)	(79,080,601)
Other comprehensive income for the period ended June 30, 2017	-	-	9,449,834	9,449,834
Total comprehensive loss	-	-	(69,630,767)	(69,630,767)
Balance as at July 01, 2017	82,847,000	142,000,000	(77,396,374)	147,450,626
Loss for the period ended December 31, 2017	-	-	(44,563,780)	(44,563,780)
Other comprehensive income for the period ended December 31, 2017	-	-	7,009,420	7,009,420
Total comprehensive loss	-	-	(37,554,360)	(37,554,360)
Balance as at December 31, 2017	82,847,000	142,000,000	(114,950,734)	109,896,266

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


Chief Executive Officer


Chief Financial Officer


Director

APOLLO TEXTILE MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

1 STATUS AND NATURE OF BUSINESS

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 Jasilwahn, Jhang Road, Muzaffargarh in the province of Punjab.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984. It has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statements for the year ended June 30, 2017.

3 SIGNIFICANT ACCOUNTING

3.1 Policies

Accounting policies adopted for the preparation of these condensed interim financial information are the same as those applied in the preparation of the preceding annual published financial statements of the company for the year ended June 30, 2017.

3.2 Accounting Estimates and Judgements

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During the preparation of this condensed interim financial information, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the audited annual financial statements for the year ended June 30, 2017.

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

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning from July 01, 2017 but are not considered to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in this condensed interim financial information.

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

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the company's accounting periods beginning on or after January 1, 2018, but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in this condensed interim financial information.

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	Un-Audited December 31, 2017	Audited June 30, 2016
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Note	------(Rupees)-----	
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4 CONTINGENCIES AND COMMITMENTS

4.1 Contingencies:

Bank guarantees issued to Collector of Customs against import license fee on machinery		12,900,000	12,900,000
Claim on The Bank of Punjab	4.1.1	2,421,186,069	2,421,186,069
Claim on Standard Chartered Bank	4.1.2	12,093,523,802	12,093,523,802
Claim on NIB Bank Limited	4.1.3	3,244,043,924	3,244,043,924
Claim on Soneri Bank Limited	4.1.4	3,145,128,891	3,145,128,891
Claim on Summit Bank Limited	4.1.5	4,626,542,007	4,626,542,007
Claim on National Bank Limited	4.1.6	13,261,641,097	13,261,641,097
Claim on standard chartered leasing	4.1.7	29,254,378	29,254,378

4.1.1 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 damages 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.

4.1.2 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 and 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.

4.1.3 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.

4.1.4 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.

4.1.5 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.

4.1.6 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.

4.1.7 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.

4.1.8 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.

4.2 Commitments

4.2.1 There are no Commitments as on December 31, 2017. (June 30, 2017: NIL)

Un-Audited December 31, 2017	Audited June 30, 2017
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Note	------(Rupees)-----
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5 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets

5.1	<u>710,897,099</u>	<u>743,216,860</u>
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5.1 Movement in operating fixed assets:

Opening - at net book value

743,216,860	807,856,377
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Add: Additions during the period

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743,216,860	807,856,377
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Less: Depreciation charged during the period

(32,319,761)	(64,639,517)
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Less: Disposals during the period - at net book value

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(32,319,761)	(64,639,517)
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Closing - at net book value

<u>710,897,099</u>	<u>743,216,860</u>
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Un-Audited December 31, 2017	Un-Audited December 31, 2016
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------(Rupees)-----

6 Earnings Per Share - Basic & Diluted

Loss after taxation

<u>(44,563,780)</u>	<u>(36,636,532)</u>
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Number of ordinary shares

<u>8,284,700</u>	<u>8,284,700</u>
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Basic loss per shares

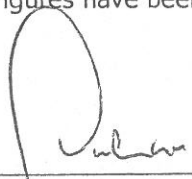
<u>(5.38)</u>	<u>(4.42)</u>
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7 Authorization

This condensed interim financial information was authorised for issue on 10 FEB 2018 by the Board of Directors.

8 General

Figures have been rounded off to the nearest rupee.



Chief Executive Officer



Chief Financial Officer



Director