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APOLLO

**APOLLO TEXTILE MILLS
LIMITED**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2017**

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 Liaqat

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

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

MILLS

Jasilwahin, Jhang Road
Muzaffargarh

APOLLO TEXTILE MILLS LTD

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 44th Annual General Meeting of the Shareholders of Apollo Textile Mills Limited will be held on 30th October 2017 at 10:30a.m. at 14th Floor, BRR Tower, I. I. Chundrigar Road, Karachi to transact the following business:

1. To receive consider and adopt the audited accounts of the company for the year ended 30th June 2017 together with the Auditors and Directors Report thereon.
2. To appoint auditors for the year 2017-2018 and fix their remuneration.
3. Any other matter with the permission of the chair.

For and on behalf of the Board


Chief Executive



Karachi: 9th October 2017

Notes:

1. The Share Transfer Book of the company will remain closed from 24th October 2017 to 30th October 2017 (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, 2017.

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, 2017 are summarized below:

	2017 Rupees	2016 Rupees
Loss before taxation	(79,080,601)	(88,190,037)
Provision for taxation	-	<u>60,853,128</u>
Net loss	(79,080,601)	(27,336,909)
Un-appropriated (loss)	(5,579,902)	(6,090,596)
Transfer from surplus on revaluation of fixed assets		
Assets an account of incremental depreciation for the period Net off defferd tax	<u>17,999,684</u>	<u>19,647,083</u>
Un-appropriated (Loss)	<u>(66,660,820)</u>	<u>(13,780,422)</u>

Auditors

The auditors, M/s Moochhala Gangat & Co., Chartered Accountants, the auditors of the company retire and are eligible for reappointment. 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, 2018.

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 01/07/2016	Purchase	Sale	Closing Balances as on 30/06/2017
Mr. Ikram Zahur	777,490	-	-	777,490
Mr. Abdul Rehman Zahur	733,990	-	-	733,990

AUDIT COMMITEE

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	Chairman
Mr. Abdul Rehman Zahur	Member
Mr. Riaz Hussain	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: 09th October 2017

For and behalf of the Board of Directors


Chief Executive

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE
GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the "code") prepared by the Board of Directors of Apollo Textile Mills Limited (the "Company") for the year ended June 30, 2017 to comply with the requirements of Listing Regulations No. 5.19 of the Pakistan Stock Exchange where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, we are unable to express any comments that the Company's records reflect the Company's compliances in all material respects and with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2017.



Moochhala Gangat & Co.
Chartered Accountants

Name of the engagement partner:
Mr. Hussaini Fakhruddin

Karachi

Date: 09 OCT 2017

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of APOLLO TEXTILE MILLS LIMITED as at June 30, 2017 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, 2017 the company sustained after tax loss of Rs. 79.080 million and its accumulated losses stood at Rs. 77.396 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 298,517,457 and Rs 985,083,102 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 most 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;
 - (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.

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- (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, 2017 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.

Moochhala Gangat & Co.

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, 2017

Note 2017 2016
 -----(Rupees)-----

EQUITY AND LIABILITIES

Share Capital and Reserves

Authorised Capital
 20,000,000 (2016: 20,000,000) ordinary shares of Rs. 10 each

Issued, subscribed & paid-up capital
 General reserve
 Accumulated loss

	2017	2016
	<u>200,000,000</u>	<u>200,000,000</u>
4	82,847,000	82,847,000
	142,000,000	142,000,000
	(77,396,374)	(7,765,607)
	<u>147,450,626</u>	<u>217,081,393</u>

Surplus on revaluation of fixed assets

5	205,508,496	214,958,330
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Non-current liabilities

Long term finances - secured
 Liabilities against assets subject to finance lease
 Deferred liabilities

6	392,915,253	392,915,253
7	5,545,043	5,545,043
8	47,281,463	47,281,462
	<u>445,741,759</u>	<u>445,741,758</u>

Current Liabilities

Trade and other payables
 Accrued mark-up
 Short term bank finances - secured
 Current portion of long term finances
 Current portion of liabilities against assets subject to finance lease
 Provision for taxation

9	26,387,798	21,587,799
10	239,712,219	239,712,219
11	1,153,888,574	1,153,888,574
6	63,936,000	63,936,000
7	13,719,441	13,719,441
	-	-
	<u>1,497,644,032</u>	<u>1,492,844,033</u>

Contingencies and Commitments

12	-	-
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Total Equity and Liabilities

	<u>2,296,344,912</u>	<u>2,370,625,513</u>
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ASSETS

Non-Current Assets

Property, plant and equipment
 Long term deposits

13	743,216,860	807,856,377
	67,167,249	67,167,249
	<u>810,384,109</u>	<u>875,023,626</u>

Current Assets

Stores, spares and loose tools
 Stock-in-trade
 Trade debtors - unsecured, considered good
 Loans and advances - considered good
 Trade deposits
 Sales tax refundable from government
 Other receivables
 Cash and bank balances

14	96,476,808	96,476,808
15	1,283,600,559	1,283,600,559
	6,459,631	16,105,802
16	14,100,748	14,095,660
17	50,855,962	50,855,962
	32,516,687	32,516,687
18	1,950,409	1,950,409
19	-	-
	<u>1,485,960,804</u>	<u>1,495,601,887</u>

Total Assets

	<u>2,296,344,912</u>	<u>2,370,625,513</u>
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The annexed notes form an integral part of these financial statements.

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CHIEF EXECUTIVE

[Signature]

DIRECTOR

[Signature]

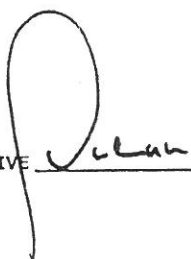
CHIEF FINANCIAL OFFICER

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**APOLLO TEXTILE MILLS LIMITED
 PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED JUNE 30, 2017**

	2017	2016
	-----(Rupees)-----	
Net sales	20 -	-
Cost of sales	21 <u>(69,853,891)</u>	<u>(77,073,694)</u>
Gross profit	<u>(69,853,891)</u>	<u>(77,073,694)</u>
Administrative and general expenses	22 <u>(9,195,861)</u>	<u>(11,112,132)</u>
	<u>(9,195,861)</u>	<u>(11,112,132)</u>
Operating loss	<u>(79,049,752)</u>	<u>(88,185,826)</u>
Finance costs	23 <u>(30,849)</u>	<u>(4,211)</u>
Loss before taxation	<u>(79,080,601)</u>	<u>(88,190,037)</u>
Taxation	24 -	60,853,128
Loss after taxation	<u>(79,080,601)</u>	<u>(27,336,909)</u>
Loss per share - basic and diluted	25 <u>(9.54)</u>	<u>(3.30)</u>

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

Mr

 CHIEF EXECUTIVE


 DIRECTOR


 CHIEF FINANCIAL OFFICER

**APOLLO TEXTILE MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017**

	2017	2016
	------(Rupees)-----	
Loss for the year	(79,080,601)	(27,336,909)
Other Comprehensive Income:		
Incremental depreciation arising from revaluation of property, plant and equipment	17,999,684	19,647,083
Deferred tax relating to component of comprehensive loss	(5,579,902)	(6,090,596)
Other comprehensive income - net of tax	12,419,782	13,556,487
 Total comprehensive loss for the year	(66,660,820)	(13,780,422)

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

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CHIEF EXECUTIVE

Handwritten signature of Chief Executive

DIRECTOR

Handwritten signature of Director

CHIEF FINANCIAL OFFICER

Handwritten signature of Chief Financial Officer

**APOLLO TEXTILE MILLS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017**

	2017	2016
Note	----- (Rupees) -----	
Cash Generated from Operations		
Loss before taxation	(79,080,601)	(88,190,037)
Adjustments for:		
Depreciation	13.2 64,639,517	70,595,235
Finance costs	23 30,849	4,211
	64,670,366	70,599,446
Loss before working capital changes	(14,410,235)	(17,590,591)
(Increase)/Decrease in Current Assets		
Stock-in-trade	-	-
Trade debtors - unsecured, considered good	9,646,172	41,235,994
Loans and advances - considered good	(5,086)	-
Trade deposits	-	-
Sales tax refundable from government	-	7,426,995
	9,641,085	48,662,989
Increase/(Decrease) in Current liabilities		
Trade and other payables	4,799,999	(29,769,594)
Cash generated from operations	30,850	1,302,804
Payments for:		
Finance costs	23 (30,849)	(4,211)
Taxes	-	(6,102,234)
Net cash from operating activities (A)	-	(4,803,641)
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)
Cash and cash equivalents at the beginning of the year	-	4,803,641
Cash and cash equivalents at the end of the year	-	-
Cash and Cash Equivalents		
Book overdraft	-	-
Cash and bank balances	-	-

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

CHIEF EXECUTIVE

DIRECTOR

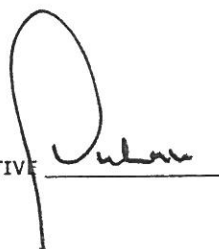
CHIEF FINANCIAL OFFICER

**APOLLO TEXTILE MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017**

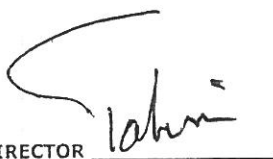
	Share Capital	General Reserve	Accumulated loss	Total
	----- (Rupees) -----			
Balance as at July 01, 2015	82,847,000	142,000,000	6,014,815	230,861,815
Loss for the year ended June 30, 2016	-	-	(27,336,909)	(27,336,909)
Other comprehensive income for the year	-	-	13,556,487	13,556,487
Total comprehensive loss	-	-	(13,780,422)	(13,780,422)
Balance as at July 01, 2016	82,847,000	142,000,000	(7,765,607)	217,081,393
Loss for the year ended June 30, 2017	-	-	(79,080,601)	(79,080,601)
Other comprehensive income for the year	-	-	9,449,834	9,449,834
Total comprehensive loss	-	-	(69,630,767)	(69,630,767)
Balance as at June 30, 2017	82,847,000	142,000,000	(77,396,374)	147,450,626

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

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CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER



**APOLLO TEXTILE MILLS LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 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 Jasilwahin, Jhang Road, Muzaffargarh in the province of Punjab.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with 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 of 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, 2017. 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 (accounting periods beginning on or after)
IAS 16 - Property, Plant and Equipment	June 30, 2016
IAS 38 - Intangible Assets	June 30, 2016
IAS 19 - Employees Benefits	June 30, 2016
IAS 34 - Interim Financial Reporting	June 30, 2016
IAS 01 - Presentation of Financial Statements	June 30, 2016

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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.

Standards / Amendments / Interpretation	Effective date (accounting periods beginning on or after)
Amendments to IFRS 9 'Financial Instruments' - Clarification on the classification and measurement of financial assets and liabilities.	January 1, 2018
Amendments to IFRS 15 'Revenue From Contracts with Customers' - Recognition and measurement of revenue from contracts.	January 1, 2018
Amendments to IFRS 16 'Lease' - Recognition of leases on balance sheet.	January 1, 2019
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 IFRIC 22 'Foreign Currency Transactions' - Clarification on the date of foreign currency transactions.	January 1, 2018

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Staff Benefits

3.1.1 Defined benefit plan - Gratuity Scheme

The Company operates an unfunded gratuity scheme for all its employees. These benefits are payable to employees on completion of prescribed qualifying period of service under the scheme.

Liability in respect of gratuity payable to employees has been fully provided for in these accounts on the basis of actuarial valuation and is charged to profit and loss account.

Actuarial gain and losses are recognised as per the recommendation in actuarial valuation report. The most recent valuation was carried out as of June 30, 2009.

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3.2 Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as liabilities against assets subject to finance lease. The liabilities are classified as current and long-term depending upon the timing of payment. Lease payments are apportioned between finance charges and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company.

3.3 Trade And Other Payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received whether billed to the Company or not.

3.4 Taxation

3.4.1 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, or minimum taxation at the rate of one percent of the turnover whichever is higher. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

3.4.2 Deferred

Deferred tax is recognized using the balance sheet liability method, providing for all the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release-27 of Institute of Chartered Accountants of Pakistan.

Deferred tax liabilities are recognized for all 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 asset are reviewed at each reporting date and are reduced to the extent that is no longer probable that the related tax benefits will be realized.

3.5 Property, Plant And Equipment

3.5.1 Owned

These are stated at cost / revalued amounts less accumulated depreciation. Depreciation is charged to profit and loss account applying the reducing balance method at the rates specified in fixed assets except for land, building and plant and machinery, which are stated at revalued amount. An amount equal to the incremental depreciation charged during the year net of deferred tax on revalued assets is transferred from the surplus on revaluation of fixed assets to unappropriated profit.

Depreciation is charged from the date the asset is put into operation and discontinued from the date the asset it is retired.

Gains or losses on disposal of items of property, plant and equipment are dealt through the profit and loss account. Normal repair and maintenance are charged to expenses as and when incurred. Major renewals and replacements are capitalized and the assets so replaced, if any, are retired.

3.5.2 Capital work in progress

Capital work-in-progress is stated at cost. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.



3.5.3 Leased

Leased assets are depreciated over their expected useful lives on the same basis as owned assets.

3.5.4 Impairment of asset

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.

3.6 Stores and spares

Stores and spares are valued at lower of cost and net realizable value less allowance for the obsolete and slow moving items. Cost is determined using moving average method.

Provision for obsolete and slow moving stores, spares and loose tools is determined based on management's estimate regarding their future usability.

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

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

3.7 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 weighted average basis.
Finished goods and work in process	average production cost which includes cost of :
	- Direct material
	- Direct expense
	- Overheads

Waste stock value is determined by net realizable value.

Items in transit/bond are valued at cost comprising invoice value plus other charges incurred thereon upto 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.

3.8 Trade Debts

Trade debts are recognized at fair value of consideration receivable. Debts considered irrecoverable are written off and provision is made against those considered doubtful of recovery.

3.9 Foreign Currencies Translations

Pakistan rupee (PKR) is the functional currency of the Company. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date except for those covered by forward contracts, which are stated at contracted rates. Foreign currency transactions are translated into Pak Rupees at the rate of exchange prevailing at the date of transaction except for those covered by forward contracts, which are translated at contracted rates. Exchange gain and loss on translation are taken to profit and loss account.

3.10 Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents include cash in hand and with bank. The fair value of cash and cash equivalents approximates their carrying amount.



3.11 Revenue Recognition

Revenue is recognized to the extent that it 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.

3.12 Provisions

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

3.13 Borrowing Costs

Borrowing costs are recognized as an expense in the period in which they are incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the asset.

3.14 Related Party Transactions

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

3.15 Other Financial Assets And Liabilities

All other financial assets and financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Any gain or loss on the recognition and derecognition of the financial assets and financial liabilities are included in the profit and loss account of the current year. All financial assets and financial liabilities, other than disclosed above, are carried at amortized cost. The fair value of these approximate their carrying amount.

3.16 Offsetting Of Financial Assets And Financial Liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set-off the recognised amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously and the same is required or permitted by IAS / IFRS or interpretations thereof.

3.17 Proposed Dividends And Transfer Between Reserves

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which dividends are approved.

Transfer between reserves made subsequent to the balance sheet date is considered as non-adjusting event and is recognized in the financial statement in the period in which such transfer are made.

2017 2016
------(Rupees)-----

4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Ordinary shares of Rs. 10 each

2017	2016		2017	2016
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

- 4.1 There were no movements during the reporting year.
 4.2 The Company has one class of ordinary shares which carry no right to fixed income.
 4.3 6,555,020 shares representing 79.12% (2015: 6,555,020 shares 79.12%) are held by the Consolidated Overseas Investment & Finance Establishment.
 4.4 The company has no reserved shares under options and sales contract.

5 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 2017 2016
------(Rupees)-----

Balance at the beginning of the year	249,619,823	269,266,906
Surplus arises during the year	(17,999,684)	(19,647,083)
Less: Adjustment for incremental depreciation	231,620,140	249,619,823

Related deferred tax

Liability for revaluation at the beginning of the year	34,661,493	40,752,089
Increase in deferred tax liability on revaluation		-
Transfer to retained earnings in respect of incremental depreciation during the year	(5,579,902)	(6,090,596)
	29,081,591	34,661,493
	205,508,496	214,958,330

6 LONG TERM FINANCES - SECURED

From banking company

- Term finances 6.1 48,839,289 48,839,289
 - Demand finances 6.2 391,859,378 391,859,378

From related party

- Director's and others' loan 6.3 16,152,586 16,152,586

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

6.1 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% (2016: 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.

6.2 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% (2016: 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.

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6.3 This represents mark up free loans from directors repayable in more than one year.

7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2 0 1 7		2 0 1 6	
	------(Rupees)-----		------(Rupees)-----	
	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	<u>24,454,029</u>	<u>19,264,484</u>	<u>24,454,029</u>	<u>19,264,484</u>
Less: Amount representing finance charges	(5,189,545)	-	(5,189,545)	-
Present value of minimum lease payments	<u>19,264,484</u>	<u>19,264,484</u>	<u>19,264,484</u>	<u>19,264,484</u>
Less: Payable within one year	<u>(13,719,441)</u>	<u>(13,719,441)</u>	<u>(13,719,441)</u>	<u>(13,719,441)</u>
	<u>5,545,043</u>	<u>5,545,043</u>	<u>5,545,043</u>	<u>5,545,043</u>

7.1 These finances have been obtained by the company from a leasing company which carries effective interest rate of 13.83% (2016: 13.83%).These finances are secured against demand promissory note and personal guarantee of one sponsoring director.

	Note	2 0 1 7	2 0 1 6
		------(Rupees)-----	
Gratuity	8.1	12,270,666	12,270,666
Deferred taxation	8.2	35,010,797	35,010,796
		<u>47,281,463</u>	<u>47,281,462</u>

8 DEFERRED LIABILITIES

8.1 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>

8.1.1 Historical information

	2016	2015	2014	2013	2012
	------(Rupees)-----				
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	<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>
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)	-	-	-	-	-

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2017 2016

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

8.2 Deferred Taxation

This comprises the following:-

Deferred tax liabilities on taxable temporary differences arising in respect of:

Owened assets	4,439,976	4,439,976
Surplus on revaluation of fixed assets	34,661,493	34,661,493
	39,101,469	39,101,469

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

Provision for gratuity	(3,803,906)	(3,803,906)
Leased liability net of assets	(286,767)	(286,767)
Tax losses and minimum tax	-	-
	(4,090,673)	(4,090,673)
	35,010,796	35,010,796

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.

9 TRADE AND OTHER PAYABLES

Creditors	13,540,448	13,540,449
Accrued liabilities	4,975,000	175,000
Unclaimed dividend	9.1 2,331,670	2,331,670
Excise duty	35,014	35,014
Others	5,505,666	5,505,666
	26,387,798	21,587,799

9.1 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.

Note 2017 2016
------(Rupees)-----

10 ACCRUED MARK-UP

From banking companies		
Long term finances	111,002,851	111,002,851
Short term bank finances	128,709,368	128,709,368
	239,712,219	239,712,219

11 SHORT TERM BANK FINANCES - SECURED

Running finance	11.1 1,153,888,574	1,153,888,574
-----------------	--------------------	---------------

11.1 These represent finances obtained from financial institutions which carries markup ranging from 5.30% to 15.86% (2016: 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.

2 0 1 7 2 0 1 6
------(Rupees)-----

12 CONTINGENCIES AND COMMITMENTS**12.1 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	2,421,186,069	2,421,186,069
Claim on Standard Chartered Bank	12,093,523,802	12,093,523,802
Claim on NIB Bank Limited	3,244,043,924	3,244,043,924
Claim on Soneri Bank Limited	3,145,128,891	3,145,128,891
Claim on Summit Bank Limited (Formerly My Bank Limited)	4,626,542,007	4,626,542,007
Claim on National Bank Limited	13,261,641,097	13,261,641,097

12.1.1 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.

12.1.2 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.

12.1.3 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.

12.1.4 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.

12.1.5 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.

12.1.6 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.

12.1.7 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.

12.1.8 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.

12.2 Commitments

12.2.1 There are no Commitments as on June 30, 2017. (2016:NIL)

2 0 1 7 2 0 1 6
Note ------(Rupees)-----

13 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets

13.1 743,216,855 807,856,377



13.1 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		
-----Rupees-----													
COST													
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	26,585,032	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	26,585,032	1,942,835,539	
Balance as at 01 July, 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	26,585,032	1,942,835,539	
Additions	-	-	-	-	-	-	-	-	-	-	-	-	
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	
Balance as at 30 June, 2017	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	26,585,032	1,942,835,539	
DEPRECIATION													
Balance as at 01 July, 2015	-	137,755,882	16,690,171	861,264,641	5,759,453	4,281,856	951,928	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	51,214	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	2,902,014	12,889,225	18,228,644	1,134,979,162	
Balance as at 01 July, 2016	-	145,857,635	17,922,517	921,168,885	5,848,473	4,351,310	969,093	4,841,336	2,902,014	12,889,225	18,228,644	1,134,979,162	
Charge for the year	-	7,291,578.06	1,170,728.46	54,980,115.41	80,117.55	62,508.87	13,648.41	24,730.86	46,119.87	136,330.88	833,638.77	64,639,517	
On disposals	-	-	-	-	-	-	-	-	-	-	-	-	
Balance as at 30 June, 2017	-	153,149,213	19,093,245	976,149,001	5,928,590	4,413,819	982,741	4,866,067	2,948,164	13,025,555	19,067,283	1,199,618,679	
CARRYING AMOUNT - 2017													
	31,543,750	65,624,203	22,243,841	613,877,736	721,058	562,580	122,836	57,705	415,079	545,324	7,502,749	743,216,860	
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	
RATE OF DEPRECIATION (%)													
	10%	5%	8.22%	10%	10%	10%	10%	30%	10%	20%	10%	10%	

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	2017	2016
Note	----- (Rupees) -----	
13.2 Depreciation has been charged to:		
Cost of sales	64,276,061	70,164,609
Administrative and general expenses	363,456	430,626
	64,639,517	70,595,235

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, 2017		
	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	125,714,285	42,448,289
Non factory building on free hold land	8,232,634	6,097,810	2,134,824	8,232,634	6,097,810	2,134,824
Plant and machinery	1,663,172,183	1,162,482,577	500,689,606	1,663,172,183	1,162,482,577	500,689,606
	1,841,326,466	1,294,294,671	547,031,795	1,841,326,466	1,294,294,671	547,031,795

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 revaluer on the basis of market value or depreciated replacement values as applicable.

	2017	2016
Note	----- (Rupees) -----	
14 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
	96,476,808	96,476,808

15 STOCK IN TRADE

Raw material	15.1	298,517,457	298,517,457
Finished goods	15.2	985,083,102	985,083,102
		1,283,600,559	1,283,600,559

15.1 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. (2016: 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.

15.2 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.

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APOLLO TEXTILE MILLS LIMITED

Note

	2017	2016
	------(Rupees)-----	

16 LOANS AND ADVANCES -CONSIDERED GOOD

Advance income tax

	<u>14,100,748</u>	<u>14,095,660</u>
	<u>14,100,748</u>	<u>14,095,660</u>

17 TRADE DEPOSITS

Margin against bank guarantees
Others

	<u>11,175,800</u>	<u>11,175,800</u>
	<u>39,680,162</u>	<u>39,680,162</u>
	<u>50,855,962</u>	<u>50,855,962</u>

18 OTHER RECEIVABLES

Central excise duty
Excise duty drawback
Others

18.1

	<u>1,253,889</u>	<u>1,253,889</u>
	<u>656,828</u>	<u>656,828</u>
	<u>39,692</u>	<u>39,692</u>
	<u>1,950,409</u>	<u>1,950,409</u>

18.1 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

Note

	2017	2016
	------(Rupees)-----	

19 CASH AND BANK BALANCES

At banks in current accounts

	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

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APOLLO TEXTILE MILLS LIMITED

		2017	2016
	Note	----- (Rupees) -----	
20 NET SALES			
Yarn			
Local		-	-
		<u>-</u>	<u>-</u>
21 COST OF SALES			
Raw material consumed	21.1	-	-
Salaries, wages and benefits	21.2	-	621,000
Fuel and power		6,360	408,085
Depreciation	13.2	64,276,061	70,164,609
Security expense		5,570,000	5,880,000
Insurance		-	-
Others		1,470	-
		69,853,891	77,073,694
Opening inventory of finished goods		985,083,102	985,083,102
Closing inventory of finished goods		(985,083,102)	(985,083,102)
		<u>69,853,891</u>	<u>77,073,695</u>
21.1 Raw Material Consumed			
Opening stock		298,517,457	298,517,457
Purchases		-	-
		<u>298,517,457</u>	<u>298,517,457</u>
Closing stock		(298,517,457)	(298,517,457)
		<u>-</u>	<u>-</u>

21.2 This includes Rs. Nil (2016: Nil) in respect of retirement benefits.

22 ADMINISTRATIVE AND GENERAL EXPENSES

Directors' remuneration		4,800,000	5,160,000
Salaries and other benefits	22.1	1,490,220	1,140,000
Rent, rates and taxes		72,000	210,000
Postage, telegram and telephone		23,376	-
Printing and stationery		31,840	-
Traveling & conveyance		153,350	-
Legal and professional		800,750	-
Fees and subscription		48,600	-
Repair and maintenance		82,800	-
Advertisement		-	-
Vehicles running and maintenance		200,000	960,000
Security charges		-	3,036,506
Auditors' remuneration	22.2	200,000	175,000
Depreciation	13.2	363,456	430,626
Others		929,469	-
		<u>9,195,861</u>	<u>11,112,132</u>

22.1 This includes Rs. Nil (2016: Nil) in respect of retirement benefits

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Note	2017 ------(Rupees)-----	2016 -----
22.2 Auditors' remuneration		
Annual audit fee	200,000	175,000
Half yearly review fee	-	-
Out of pocket expense	-	-
	<u>200,000</u>	<u>175,000</u>
23 FINANCE COSTS		
Bank charges and commission	<u>30,849</u>	<u>4,211</u>
	<u>30,849</u>	<u>4,211</u>
24 TAXATION		
Current	25.1 -	-
Deferred	-	(91,318,955)
	<u>-</u>	<u>(91,318,955)</u>

24.1 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

25 Earnings Per Share - Basic & Diluted

Loss after taxation	<u>(79,080,601)</u>	<u>(27,336,909)</u>
Number of ordinary shares	<u>8,284,700</u>	<u>8,284,700</u>
Basic earnings per share / (loss)	<u>(9.54)</u>	<u>(3.30)</u>

25.1 A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2017 and June 30, 2016 which would have any effect on the earnings per share if the option to convert is exercised.

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6 REMUNERATIONS OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount charged in these financial statements for the remuneration of the chief executive and executives were as

	2017				2016			
	Chief Executive	Executive Director	Executives	Total	Chief Executive	Executive Director	Executives	Total
Remuneration	4,800,000	-	-	4,800,000	1,600,000	1,600,000	400,000	3,600,000
House rent allowance	-	-	-	-	720,000	720,000	180,000	1,620,000
Other allowances	-	-	-	-	80,000	80,000	20,000	180,000
	<u>4,800,000</u>	-	-	<u>4,800,000</u>	<u>2,400,000</u>	<u>2,400,000</u>	<u>600,000</u>	<u>5,400,000</u>
No of persons	1	1	1	3	1	1	1	3

26.1 Chief executive, executive director and some senior executives are provided with free use of cars owned and maintained by the company.

CAPACITY AND PRODUCTION

	UNIT	2017		2016	
		CAPACITY	ACTUAL	CAPACITY	ACTUAL
Spindle installed	No.	88320	66240	88320	64800
Frames	No.	184	138	184	84

27.1 The company is not operational, therefore, capacity can not be determined accurately.

3 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risk from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

1 CREDIT RISK

Exposure to credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2017	2016
	----- (Rupees) -----	
Trade debtors - unsecured, considered good	16,105,802	57,341,796
Trade deposits	50,855,962	50,855,962
Other receivables	1,950,409	1,950,409
Cash and bank balances	-	4,803,641

28.1.1 The maximum exposure to credit risk for trade debts amounting to Rs. 16.10 million (2016: Rs. 57.3 million), at the balance sheet date by geographic region is as follows:

Domestic	8,601,269	8,601,269
Export	48,740,527	48,740,527
	<u>57,341,796</u>	<u>57,341,796</u>

28.1.2 Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors past due upto one year do not require any impairment and no impairment allowance is necessary in respect of remaining portion of past due over one year.

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28.2 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. In addition, the Company has obtained various financing facilities from financial institutions and banks. Based on the above, management believes that Company is not presently exposed to liquidity risk.

The details of company's interest/markup and non-interest markup bearing liabilities are as follows:

	Interest Bearing			Non-Interest Bearing			June 2017	June 2016
	Less than one	One to five	Sub total (a)	Less than	One to	Sub total	Total	Total
Financial Liabilities								
Long term finances-secured	63,936,000	392,915,253	456,851,253	-	-	-	456,851,253	456,851,253
Liabilities against assets subject to finance lease	13,719,441	5,545,043	19,264,484	-	-	-	19,264,484	19,264,484
Trade and other payables				21,587,799	-	21,587,799	-	21,587,799
Short term bank finances-secured	1,153,888,574	-	1,153,888,574	-	-	-	1,153,888,574	1,153,888,574
Accrued markup								239,712,219
	1,231,544,015	398,460,296	1,630,004,311	21,587,799	-	21,587,799	1,630,004,311	1,891,304,329

28.3 Market Risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is not exposed to any market risk.

28.3.1 Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will effect the value of financial instruments. The Company has adopted appropriate policies to minimize its exposure to this risk.

28.3.2 Foreign Exchange Risk

Foreign exchange risk is the risk of loss through change in foreign exchange rates. The Company is exposed to foreign exchange due to transactions denominated in foreign currencies.

28.4 Fair Value Of Financial Assets And Liabilities

The carrying amounts of all financial assets and liabilities reflected in the financial statements approximate their fair value.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. However, the company does not hold any quoted financial instrument.

The financial instruments that are not traded in active market are carried at cost and are tested for impairment according to IAS 39 'Financial Instruments: Recognition and Measurement'.

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

28.5 Capital Risk Management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefit for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustment to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue bonus / new shares.

29 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.

29.1 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.

29.2 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.

29.3 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 3.1.1).

29.4 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.

29.5 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.

29.6 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.

30 CORRESPONDING FIGURES


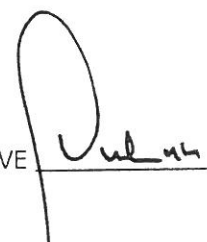
Certain corresponding figures have been reclassified / rearranged for the purpose of better presentation. However, no significant re-arrangements have been made.

31 Authorisation Of Financial Statements And Appropriations

These financial statements were authorised for issue on 09 OCT 2017 by the Board of Directors.

32 General

Figures have been rounded off to the nearest rupee.


CHIEF EXECUTIVE 

DIRECTOR 

CHIEF FINANCIAL OFFICER 