

# **ANNUAL REPORT**

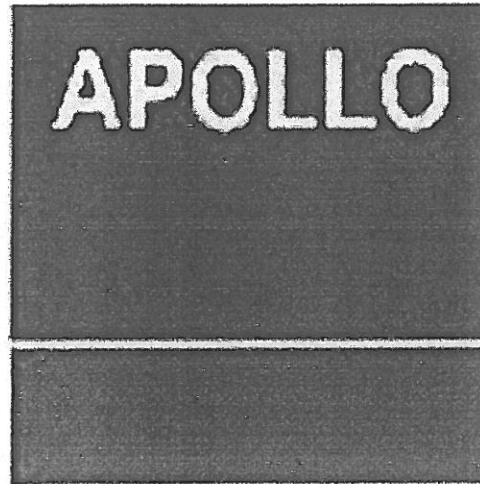
**2016**

# **APOLLO TEXTILE MILLS LIMITED**

**APOLLO**

**Annual Report 2016**

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**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 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

1-C, 16<sup>th</sup> Commercial Street, Phase II Ext,  
DHA, Karachi

#### MILLS

Jasilwahn, Jhang Road  
Muzaffargarh

# APOLLO TEXTILE MILLS LTD

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 43<sup>rd</sup> Annual General Meeting of the Shareholders of Apollo Textile Mills Limited will be held on 28<sup>th</sup> October 2016 at 8:00a.m. at 48-C, 13<sup>th</sup> 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 30<sup>th</sup> 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 1<sup>st</sup> October 2016 to 28<sup>th</sup> 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 CORPORATI AND FINANCIAL REPORTING FRAME WORK

- a. The financial Statements prepaid by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b. Company has maintained proper books of accounts.
- c. Appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgment.
- d. In preparation of the financial statements international accounting standards, as applicable in Pakistan. have been followed and departure, if any has been adequately disclosed.
- e. 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.
- f. There are no significant doubts upon the Company's ability as going concern.
- g. There has been no material departure from the best parities 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 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

#### AKNOWLEDGEMENT

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 NBFIs 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

  
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**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2016**

		<b>2016</b>	<b>2015</b>
	<i>Note</i>	----- <i>(Rupees)</i> -----	
Net sales	21	-	373,158
Cost of sales	22	<b>(77,073,694)</b>	(93,182,215)
Gross profit		<b>(77,073,694)</b>	(92,809,057)
Selling and distribution expenses	23	-	(2,000)
Administrative and general expenses	24	<b>(11,112,132)</b>	(11,076,227)
		<b>(11,112,132)</b>	(11,078,227)
Operating loss		<b>(88,185,826)</b>	(103,887,284)
Finance costs	25	<b>(4,211)</b>	(19,316)
Loss before taxation		<b>(88,190,037)</b>	(103,906,599)
Taxation	26	<b>60,853,128</b>	6,208,823
Loss after taxation		<b>(27,336,909)</b>	(97,697,776)
Loss per share - basic and diluted	27	<b>(3.30)</b>	(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	(13,780,422)		(79,979,202)

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)
<b>Balance as at June 30, 2016</b>	<b>82,847,000</b>	<b>142,000,000</b>	<b>(7,765,607)</b>	<b>217,081,393</b>

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**

	<b>Effective date (annual periods beginning on or after)</b>
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.

<b>Standard, Interpretation or Amendment</b>	<b>Effective date (annual periods beginning on or after)</b>
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.

#### **4.14 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 banks and other short term highly liquid investments with maturities of three months or less. The fair value of cash and cash equivalents approximate their carrying amount.

#### **4.15 Financial Assets and Liabilities**

All financial assets and 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 de-recognition of the financial assets and financial liabilities is taken to the profit and loss account currently. Financial assets and liabilities, other than specifically mentioned in these policies, are carried at amortized cost. The fair value of these approximate their carrying value.

#### **4.16 Off-setting 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 recognized amounts and the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously and the same is required or permitted by IAS/IFRS or interpretations thereof.



**2016**                      **2015**  
-----*(Rupees)*-----

**5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL**

Ordinary shares of Rs. 10 each

2016	2015		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
<b><u>8,284,700</u></b>	<b><u>8,284,700</u></b>		<b><u>82,847,000</u></b>	<b><u>82,847,000</u></b>

- 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.

	2016	2015
	----- <i>(Rupees)</i> -----	----- <i>(Rupees)</i> -----
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	40,752,089	44,384,281
Increase in deferred tax liability on revaluation	-	-
Transfer to retained earnings in respect of incremental depreciation during the year	(6,090,596)	(3,632,192)
	34,661,493	40,752,089
	<b><u>214,958,330</u></b>	<b><u>228,514,817</u></b>

**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)
		<b><u>392,915,253</u></b>	<b><u>392,915,253</u></b>

- 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**

	2016		2015	
	<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.

	Note	2016	2015
		<i>(Rupees)</i>	
<b>9 DEFERRED LIABILITIES</b>			
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>
<b>9.1 Gratuity</b>			
<b>Movement in net liability recognized</b>			
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**

	2016	2015	2014	2013	2012
	<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:**

Owened assets	4,439,976	73,637,817
Surplus on revaluation of fixed assets	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	(3,803,906)	(2,024,794)
Leased liability net of assets	(286,767)	(323,769)
Tax losses and minimum tax	-	(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		13,540,449	24,992,781
Accrued liabilities		175,000	18,492,262
Unclaimed dividend	10.1	2,331,670	2,331,670
Excise duty		35,014	35,014
Others		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		111,002,851	111,002,851
Short term bank finances		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		12,900,000	12,900,000
Claim on The Bank of Punjab	13.1.1	2,421,186,069	2,421,186,069
Claim on Standard Chartered Bank	13.1.2	12,093,523,802	12,093,523,802
Claim on NIB Bank Limited	13.1.3	3,244,043,924	3,244,043,924
Claim on Soneri Bank Limited	13.1.4	3,145,128,891	3,145,128,891
Claim on Summit Bank Limited	13.1.5	4,626,542,007	4,626,542,007
Claim on National Bank Limited	13.1.6	13,261,641,097	13,261,641,097
Claim on standard chartered leasing	13.1.7	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

<i>Note</i>	<b>2016</b>	<b>2015</b>
	-----( <i>Rupees</i> )-----	
<i>14.1</i>	<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
<b>COST</b>												
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	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 30 June, 2015</b>	<b>31,543,750</b>	<b>218,773,416</b>	<b>41,337,086</b>	<b>1,590,026,737</b>	<b>6,649,648</b>	<b>4,976,399</b>	<b>1,105,577</b>	<b>4,923,772</b>	<b>3,363,243</b>	<b>13,570,879</b>	<b>26,565,032</b>	<b>1,942,835,539</b>
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	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 30 June, 2016</b>	<b>31,543,750</b>	<b>218,773,416</b>	<b>41,337,086</b>	<b>1,590,026,737</b>	<b>6,649,648</b>	<b>4,976,399</b>	<b>1,105,577</b>	<b>4,923,772</b>	<b>3,363,243</b>	<b>13,570,879</b>	<b>26,565,032</b>	<b>1,942,835,539</b>
<b>DEPRECIATION</b>												
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	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 30 June, 2015</b>	<b>-</b>	<b>137,755,882</b>	<b>16,690,171</b>	<b>861,264,641</b>	<b>5,759,453</b>	<b>4,281,856</b>	<b>953,928</b>	<b>4,806,006</b>	<b>2,850,800</b>	<b>12,718,811</b>	<b>17,302,379</b>	<b>1,064,383,927</b>
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	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 30 June, 2016</b>	<b>-</b>	<b>145,857,635</b>	<b>17,922,517</b>	<b>921,168,885</b>	<b>5,848,473</b>	<b>4,351,310</b>	<b>969,093</b>	<b>4,841,336</b>	<b>2,902,044</b>	<b>12,889,225</b>	<b>18,228,644</b>	<b>1,134,979,165</b>
<b>CARRYING AMOUNT - 2016</b>	<b>31,543,750</b>	<b>72,915,781</b>	<b>23,414,569</b>	<b>668,857,852</b>	<b>801,176</b>	<b>625,089</b>	<b>136,484</b>	<b>82,436</b>	<b>461,199</b>	<b>681,654</b>	<b>8,336,388</b>	<b>807,856,377</b>
<b>CARRYING AMOUNT - 2015</b>	<b>31,543,750</b>	<b>81,017,534</b>	<b>24,646,915</b>	<b>728,762,096</b>	<b>890,195</b>	<b>694,543</b>	<b>151,649</b>	<b>117,766</b>	<b>512,443</b>	<b>852,068</b>	<b>9,262,653</b>	<b>878,451,611</b>
<b>RATE OF DEPRECIATION (%)</b>		10%	5%	8.22%	10%	10%	10%	30%	10%	20%	10%	10%

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

**14.2 Depreciation has been charged to:**

Cost of sales	70,164,609	76,597,726
Administrative and general expenses	430,626	513,357
	70,595,235	77,111,084

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
	-----( <i>Rupees</i> )-----					
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
	1,841,326,466	1,294,294,671	547,031,795	1,841,326,466	1,244,623,075	596,703,391

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.

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

**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
	96,476,808	96,476,808

**16 STOCK IN TRADE**

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

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

**17 LOANS AND ADVANCES -CONSIDERED GOOD**

Advance income tax	14,095,660	14,087,755
	14,095,660	14,087,755

	2016	2015
Note	------(Rupees)-----	
<b>18 TRADE DEPOSITS</b>		
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>
<b>19 OTHER RECEIVABLES</b>		
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.		
<b>20 CASH AND BANK BALANCES</b>		
In hand	-	-
At banks in current accounts	-	4,803,641
	<u>-</u>	<u>4,803,641</u>
<b>21 NET SALES</b>		
Yarn		
Local	-	373,158
	<u>-</u>	<u>373,158</u>
<b>22 COST OF SALES</b>		
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>
<b>22.1 Raw Material Consumed</b>		
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.		
<b>23 SELLING AND DISTRIBUTION EXPENSES</b>		
Freight on local sales	-	2,000
	<u>-</u>	<u>2,000</u>

		2016	2015
	Note	------(Rupees)-----	
<b>24 ADMINISTRATIVE AND GENERAL EXPENSES</b>			
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 insitution.

**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.



**28 EMOLUMENTS OF CHIEF EXECUTIVE AND EXECUTIVES**

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

	2016				2015			
	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>-</u>	<u>-</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>
<b>No of persons</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>3</b>

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

**29 CAPACITY AND PRODUCTION**

	UNIT	2016		2015	
		CAPACITY	ACTUAL	CAPACITY	ACTUAL
Spindle installed	No.	88,320	66,240	88,320	64,800
Frames	No.	184	138	184	84

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

**30 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

**30.1 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:

	2016	2015
	----- (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

30.1.1 The maximum exposure to credit risk for trade debts amounting to Rs. million (2015: Rs. 57.34 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>

30.1.2 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.

### 30.2 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 2016	June 2015
	Less than one year	One to five years	Sub total (a)	Less than one year	One to five years	Sub total (b)	Total	Total
<b>Financial Liabilities</b>								
Long term finances-secured	63,936,000	392,915,253	456,851,253	-	-	-	<b>456,851,253</b>	456,851,253
Liabilities against assets subject to finance lease	13,719,441	5,545,043	19,264,484	-	-	-	<b>19,264,484</b>	19,264,484
Trade and other payables	-	-	-	21,587,799	-	21,587,799	<b>21,587,799</b>	51,357,393
Short term bank finances-secured	1,153,888,574	-	1,153,888,574	-	-	-	<b>1,153,888,574</b>	1,153,888,574
Accrued markup	-	-	-	-	-	-	-	239,712,219
	<u>1,231,544,015</u>	<u>398,460,296</u>	<u>1,630,004,311</u>	<u>21,587,799</u>	<u>-</u>	<u>21,587,799</u>	<b><u>1,651,592,110</u></b>	<u>1,921,073,923</u>

### 30.3 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.

#### 30.3.1 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.

#### 30.3.2 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.

### 30.4 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.

### 30.5 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.

**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



DIRECTOR



**APOLLO TEXTILE MILLS LIMITED**  
**PATTERN OF SHAREHOLDING**  
**AS AT JUNE 30, 2016**

NUMBERS OF SHAREHOLDERS	SHARE HOLDING		TOTAL SHARES HELD	PERCENTAGE %
	FROM	TO		
216	1	100	18,906	0.23
188	101	500	81,701	0.99
38	501	1000	34,416	0.42
26	1001	5000	58,177	0.70
2	5001	10000	12,000	0.14
1	20001	25000	20,500	0.25
1	50001	55000	50,500	0.61
2	725001	730000	1,453,480	17.54
1	6555001	6560000	6,555,020	79.12
<b>475</b>			<b>8,284,700</b>	<b>100.00</b>

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

SR #	CATEGORIES OF SHAREHOLDERS	SHARES HELD	PERCENTAGE %
1	Directors Chief Executive Officer their spouse and minor children	1,511,980	18.25
2	Associated Companies, Undertaking and Related Parties	-	-
3	NIT & ICP	100	0.00
4	Non Banking Finance Institutions, Modarabas and Mutual Funds	900	0.01
5	Foreign Investor	6,555,020	79.12
6	Insurance Companies	2,000	0.02
7	General Public / Individuals	214,700	2.59
		<b>8,284,700</b>	<b>100.00</b>

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

Sr #	Shareholder Category	Percentage	No. of Shares
1	<b>CEO, DIRECTORS AND THEIR SPOUSES AND MINOR CHILDREN</b>		
	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	<b>ASSOCIATED COMPANIES UNDERTAKINGS AND RELATED PARTIES</b>	-	-
3	<b>NIT</b>		
	IDBL (ICP UNIT)	0.00	100
4	<b>NON BANKING FINANCE INSTITUTIONS, INSURANCE COMPANIES, MODARBAS AND MUTUAL FUNDS</b>		
	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	<b>FOREIGN INVESTOR</b>	79.12	6,555,020
6	<b>INDIVIDUAL SHAREHOLDERS</b>	2.59	214,700
	<b>TOTAL</b>	<b>100.00</b>	<b>8,284,700</b>
7	<b>SHAREHOLDERS HOLDING 05% OR MORE</b>		
	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 28<sup>th</sup> October, 2016 at 8:00 a.m. at 48-C, 13<sup>th</sup> 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.