

---

# **ANNUAL REPORT 2013**

## **APOLLO TEXTILE MILLS LIMITED**

**APOLLO**

---

# **ANNUAL REPORT 2013**

**Apollo Textile Mills Limited**

## CONTENTS

|                                                                                                                     |    |
|---------------------------------------------------------------------------------------------------------------------|----|
| VISION & MISSION STATEMENT .....                                                                                    | 2  |
| COMPANY INFORMATION .....                                                                                           | 3  |
| NOTICE OF ANNUAL GENERAL MEETING.....                                                                               | 4  |
| DIRECTORS REPORT.....                                                                                               | 5  |
| COMPARISON OF RESULTS.....                                                                                          | 7  |
| STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE .....                                                 | 8  |
| REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE<br>WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE..... | 10 |
| AUDITOR'S REPORT TO THE MEMBERS.....                                                                                | 11 |
| BALANCE SHEET .....                                                                                                 | 13 |
| PROFIT & LOSS ACCOUNT.....                                                                                          | 15 |
| STATEMENT OF COMPREHENSIVE INCOME.....                                                                              | 16 |
| CASH FLOW STATEMENT.....                                                                                            | 17 |
| STATEMENT OF CHANGES IN EQUITY.....                                                                                 | 19 |
| NOTE TO THE FINANCIAL STATEMENTS.....                                                                               | 20 |
| PATTERN OF SHARE HOLDING.....                                                                                       | 38 |
| FROM OF PROXY.....                                                                                                  | 40 |



APOLLO

## VISION

A leading quality company providing quality products and maintaining an excellent level of ethical and professional standard.

## MISSION

Apollo Textile Mills Limited is committed to achieve excellence in the quality of its product and satisfaction of customers through reliability.

- To strive to keep up with the modern technology in the field of textile spinning Industry.
- To respond to customer ever changing needs in the most effective way.
- To maintain superior quality and make it as our strength.
- To be devoted and stringent to commitments and quality in order to gain Customer confidence.

## COMPANY INFORMATION

### BOARD OF DIRECTORS

|                 |                                                                                                                                           |
|-----------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| Chief Executive | Mr. Ikram Zahur                                                                                                                           |
| Directors       | Mr. Abdul Rehman Zahur<br>Mr. Muhammad Tahir Khan<br>Mr. Muhammad Farooq<br>Mr. Riaz Hussain<br>Mr. Shabbir Ahmed<br>Mr. Muhammad Liaquat |

### COMPANY SECRETARY & CFO

Mr. Kaleem Raza

### AUDITORS

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

### AUDIT COMMITTEE

|          |                                            |
|----------|--------------------------------------------|
| Chairman | Mr. Muhammad Tahir Khan                    |
| Members  | Mr. Abdul Rehman Zahur<br>Mr. Riaz Hussain |

### HUMAN RESOURCE & REMUNERATION COMMITTEE

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

### BANKERS

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

### REGISTERED OFFICE

1-C, Ground Floor,  
16th Commercial Street,  
Phase II Ext, D.H.A Karahi  
Pakistan.  
Tel: +92 21 35882407  
+92 21 35882408  
+92 301 8293661  
Fax #: +92 21 3596 831  
Email: ho@apollo textile.com  
Web Site: www.apollo textile.com

### MILLS

Jasilwahin, Jhang Road,  
Muzaffargarh.

APOLLO

APOLLO

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 40th Annual General Meeting of the Shareholders of Apollo Textile Mills limited will be held on Tuesday October 29, 2013 at 8:15 a.m. at 1-C Ground Floor, 16th Commercial Street, Phase II, Ext. D.H.A Karachi, to transact the following business :-

### ORDINARY BUSINESS

1. To confirm the Minutes of Extra Ordinary General Meeting held on May 21, 2013.
2. To receive consider and adopt the audited Accounts of the company for the year ended 30th June, 2013 together with the Auditor's and Director's Report thereon.
3. To appoint Auditors for the year 2013-14 and fix their remuneration.
4. Any other matter with the permission of the chair.

For and on behalf of the Board

Kaleem Raza  
Company Secretary

Karachi: October 7, 2013

### NOTES:

1. The Share Transfer Book of the company will remain closed from October 19th to October 29th, 2013 (both inclusive).
2. A member entitled to attend, speak 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 SHAREHOLDERS

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

The Directors of Apollo Textile Mills Limited feel great pleasure in presenting audit report with audited financial statement of the Company at the 40th Annual General Meeting of the company for the financial year ended June 30, 2013.

### OPERATING FINANCIAL RESULTS

During the year under review the turn over of company has increased to Rs. 3.032 billion as compared to Rs. 1.819 billion of the last year.

The financial results for the year ended June 30, 2013 are summarized below:

|                                                                                                                                   | 2013<br>Rupees | 2012<br>Rupees |
|-----------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| Profit before Taxation                                                                                                            | 54,535,610     | 71,77,868      |
| Provision for taxation                                                                                                            | (19,753,922)   | (62,678,738)   |
| Net Profit                                                                                                                        | 34,781,688     | 9,099,130      |
| Un- appropriated Profit                                                                                                           | 132,497,555    | 99,031,068     |
| Transfer from surplus on revaluation of fixed Assets on accounts of incremental depreciation for the period- Net off deferred tax | 14,517,788     | 24,367,357     |
| Un-appropriated Profit                                                                                                            | 181,797,031    | 132,497,555    |

### Auditors

The present auditors M/s. Moochhala Gangat & Co. Chartered Accountants retire and being eligible and offer themselves for re-appointment for the financial year ending June 2014.

### 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 Exchanges in the country under instruction from Securities & Exchange Commission of Pakistan. We are taking all the 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 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.

- f. There are no significant doubts upon the Company's ability to continue as a going concern.
- g. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulation.
- h. Year wise financial data of last six years in summarized form is annexed.
- i. During the year under review, eleven meetings of board of directors were held and attended as follows.

| Name of Director        | No of Meeting Attended |
|-------------------------|------------------------|
| Mr. Ikram Zahur         | 11                     |
| Mr. Abdul Rehman Zahur  | 11                     |
| Mr. Muhammad Tahir khan | 9                      |
| Mr. Muhammad Farooq     | 6                      |
| Mr. Shabbir Ahmed       | 9                      |
| Mr. Riaz Hussain        | 11                     |
| Mr. Muhammad Liaquat    | 11                     |

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

- j. The statement of pattern of share holding of the Company as at June 30, 2013 is annexed. This statement is prepared in accordance with the code of corporate Governance.
- k. During the year under review the trading in shares of the company by the Directors, CEO and their spouses as follows:

|                        | Opening Balance as on 01-07-2012 | Purchase | Sales | Closing Balance as on 30-06-2013 |
|------------------------|----------------------------------|----------|-------|----------------------------------|
| Mr. Ikram Zahur        | 777,490                          | -        | -     | 777,490                          |
| Mr. Abdul Rehman Zahur | 7,39,490                         | -        | -     | 7,39,490                         |

#### AUDIT COMMITTEE

The Board of Directors in compliance to the code of corporate Governance has established an audit committee comprising of the following directors:

|                         |          |
|-------------------------|----------|
| Mr. Muhammad Tahir Khan | 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.

For and behalf of the Board of Directors

Karachi: October 7, 2013

Chief Executive

**YEAR WISE FINANCIAL DATA  
FROM 2008 TO 2013**

| DESCRIPTION                | 2008          | 2009          | 2010          | 2011          | 2012          | 2013          |
|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>OPERATING EXPENSES</b>  |               |               |               |               |               |               |
| Sale                       | 1,118,019,632 | 821,057,213   | 1,211,951,409 | 1,549,630,106 | 1,819,835,108 | 3,032,855,373 |
| Cost of Good Sold          | 879,696,055   | 758,734,092   | 1,121,187,198 | 1,408,455,587 | 1,684,869,933 | 2,890,654,954 |
| Gross Margin               | 238,323,577   | 62,323,121    | 90,764,211    | 69,174,519    | 134,965,175   | 142,200,419   |
| Operating Profit           | 184,910,175   | 9,198,864     | 40,012,298    | 24,020,913    | 73,822,108    | 72,127,456    |
| Profit / (Loss) before tax | -69,249,935   | (48,581,873)  | 25,589,973    | 575,883       | 71,777,868    | 54,535,610    |
| Profit / (Loss) after tax  | (83,756,720)  | (58,464,925)  | 1,760,820     | -31,250,997   | 9,099,130     | 34,781,688    |
| <b>FINANCIAL DATA</b>      |               |               |               |               |               |               |
| Paid up Capital            | 82,847,000    | 82,847,000    | 82,847,000    | 82,847,000    | 82,847,000    | 82,847,000    |
| Fixed Assets (Cost)        | 1,918,255,973 | 1,922,857,653 | 1,922,502,828 | 1,930,679,178 | 1,942,835,538 | 1,942,835,538 |
| Current Assets             | 1,498,465,825 | 1,659,504,269 | 1,695,981,401 | 1,588,583,409 | 1,731,032,925 | 1,825,849,206 |
| Current Liabilities        | 1,916,101,201 | 1,952,050,975 | 1,897,158,942 | 1,720,307,247 | 1,734,322,861 | 1,719,441,392 |
| <b>KEY RATIOS</b>          |               |               |               |               |               |               |
| Gross Margin               | 21.32%        | 7.59%         | 7.49%         | 4.46%         | 7.42%         | 4.69%         |
| Operating Margin           | 16.54%        | 1.12%         | 3.30%         | 1.55%         | 4.06%         | 2.38%         |
| Net Profit / (Loss)        | -7.49%        | -7.12%        | 0.15%         | -2.02%        | 0.50%         | 1.15%         |
| Current Ratio              | 0.78.1        | 0.85.1        | 0.89.1        | 0.92.1        | 1.001.1       | 0.94.1        |
| Earning Per Share (Rupees) | (10.11)       | (7.06)        | 0.21          | -3.77         | 1.10          | 4.20          |



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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Apollo Textile Mills Limited ("the Company") to comply with the Listing Regulations No. 35 of Karachi, Lahore and Islamabad stock exchanges.

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance and report if it does not. 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 part of our audit of 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls, the company's corporate governance procedure and risks.

Further, Sub-Regulation (x) of Listing Regulation No. 35 notified by Karachi, Lahore and Islamabad stock exchanges requires the Company to place before the Board of Directors for their consideration and approval 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 recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before 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, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2013.

  
**Moochhala Gangat & Co.**  
Chartered Accountants

Name of the audit engagement partner:  
**Mr. Hussaini Fakhridin**

**Karachi**  
**Date: 07th October, 2013**





Fahar Moochhala (FCA)  
Naseeb Moochhala (FCA)  
Mukhammad Fakhruddin (FCA)  
Muhammadyul Saleem (FCA)



## AUDITORS' REPORT TO THE MEMBER

We have audited the annexed balance sheet of APOLLO MILLS LIMITED as at June 30, 2013, 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 explanation 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 the reasonable basis for our opinion and, after due verification, we report that:

1. 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 muqqadams amounting to Rs.234,051,152 and Rs.737,202,700 respectively which were pledged with various financial institutions. The company has filed suits against them in high court 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 matter relating to the stock and the pending suits filed by and against the company.
2. 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. If the suits are decided against the company, it would not be able to continue as a going concern.
3. 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 asset subject to finance lease, short term finances, and bank balances and contingencies and commitments reported in the financial statements. However, we did not receive any replies from them.
4. The company has not charged finance cost on long term finance 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.
5. 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.
6. The company is operating 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.

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 finances 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 1-6 above, we are unable to form an opinion as to whether:



Mr. Hussain Fakhridin  
Chartered Accountant  
Firm: Hussain Fakhridin & Co.  
Mungaher Road, F-7/1, Islamabad



- a) proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) (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 affairs as at June 30, 2013 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended:

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

**Moochhala Gangat & Co.**  
Chartered Accountants

Name of the audit engagement partner:

**Mr. Hussain Fakhridin**

**Karachi**

**Date: 07th October, 2013**

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

FOR THE PERIOD ENDED JUNE 30, 2013

This statement is being presented to comply with the Code of corporate Governance ("CCG") contained in Regulation No.35 of Listing Regulations of Karachi & Lahore Stock Exchange, Chapter XI of Islamabad Stock Exchange, for the purpose of established a frame work of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The company encourages representation of independent non-executive director and directors representing minority interest on its Board of directors. At present, the Board includes two independent non executive Directors.

|                         |                         |
|-------------------------|-------------------------|
| Independent Director    | Mr. Muhammad Tahir Khan |
| Executive Directors     | Mr. Ikram Zahur         |
|                         | M. Abdul Rehman Zahur   |
| Non Executive Directors | Mr. Riaz Hussain        |
|                         | Mr. Shabbir Ahmed       |
|                         | Mr. Muhammad Liaquat    |
|                         | Mr. Muhammad Farooq     |
2. The Directors have confirmed that non of them is serving as director in more than ten listed Companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them have defaulted in payment of any loan to banking company, a DFI or an NBFIs or being a member of a Stock Exchange ha been declared as a defaulter by that Stock Exchange..
4. No casual vacancy occurred on the Board during the year under review.
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 development 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 in which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decision in material transaction including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive have been taken by the board.
8. The meeting of the board was presides over by the chairmen and in his absence by a director elected by the board for the this purpose and Board met once in every quarter. written notices of the board meetings, along with agenda and working papers were circulated as at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged internally an orientation course/Training programs for the its Directors during the year and two Directors are exempt from the requirement of Director Training Program.
10. No new appointment of CFO and Company Secretary and Head of Internal Audit has been made during the year.
11. The Directors report for year ended June 30, 2013 has been prepared in compliance with the requirement of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by the Chief Executive and Chief Financial Officer, before approval of the board.
13. The Directors, Chief Executive and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
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 of three members, 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 quarterly, half yearly and final results of the company and as required by the code. The term of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises three members, of whom two including the chairman of the Committee, are Non-Executive Directors.
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 programme of the Institute of Chartered Accountants of Pakistan, (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 institute of Chartered Accountants of Pakistan.
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 Exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles enshrined in the CCG have been complied with.

on behalf of the Board of Directors

Karachi: October 7, 2013

Chief Executive.

# **APOLLO TEXTILE BALANCE SHEET**

|                                                                                          | Note | 2013<br>Rupees | 2012<br>Rupees |
|------------------------------------------------------------------------------------------|------|----------------|----------------|
| <b>SHARE CAPITAL AND RESERVES</b>                                                        |      |                |                |
| Authorised capital<br>20,000,000 (2012 : 20,000,000)<br>Ordinary shares of RS. 10/- each |      | 200,000,000    | 200,000,000    |
| Issued, subscribed and<br>paid-up capital                                                | 4    | 82,847,000     | 82,847,000     |
| General reserve                                                                          |      | 142,000,000    | 142,000,000    |
| unappropriated profit                                                                    |      | 181,797,031    | 132,497,555    |
|                                                                                          |      | 406,644,031    | 357,344,555    |
| <b>SURPLUS ON REVALUATION<br/>FIXED ASSETS</b>                                           | 5    | 260,915,692    | 275,433,479    |
| <b>NON CURRENT LIABILITIES</b>                                                           |      |                |                |
| Long term financing - secured                                                            | 6    | 392,915,253    | 392,915,253    |
| Liabilities against assets subject<br>to finance lease                                   | 7    | 5,545,043      | 5,545,043      |
| Deferred liabilities                                                                     | 8    | 147,281,971    | 164,415,943    |
|                                                                                          |      | 545,742,267    | 562,876,239    |
| <b>CURRENT LIABILITIES</b>                                                               |      |                |                |
| Trade and other payables                                                                 | 9    | 222,715,820    | 245,262,541    |
| Accrued mark-up                                                                          | 10   | 239,712,219    | 239,712,219    |
| Short-term bank finances-secured                                                         | 11   | 1,153,888,574  | 1,153,888,574  |
| Current portion of long term finances                                                    | 6    | 63,936,000     | 63,936,000     |
| Current Portion of Liabilities against assets subject to finance lease                   | 7    | 13,719,441     | 13,719,441     |
| Provision for taxation                                                                   |      | 25,469,338     | 17,804,086     |
|                                                                                          |      | 1,719,441,392  | 1,734,322,861  |
| <b>CONTINGENCIES AND COMMITMENT</b>                                                      | 12   | -              | -              |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                                      |      | 2,932,743,382  | 2,929,977,134  |

The annexed notes 1 to 36 form an integral part of these financial statements

**MILLS LIMITED**  
**AS AT JUNE 30, 2013**

|                                          | <i>Note</i> | <i>2013<br/>Rupees</i>      | <i>2012<br/>Rupees</i>      |
|------------------------------------------|-------------|-----------------------------|-----------------------------|
| <b>ASSETS</b>                            |             |                             |                             |
| <b>NON-CURRENT ASSETS</b>                |             |                             |                             |
| Property, plant and equipment            | 13          | 1,039,804,927               | 1,131,854,960               |
| Long term deposits                       |             | 67,089,249                  | 67,089,249                  |
|                                          |             | <u>1,106,894,176</u>        | <u>1,198,944,209</u>        |
| <b>CURRENT ASSETS</b>                    |             |                             |                             |
| Stores, spares and loose tools           | 14          | 96,476,808                  | 96,961,995                  |
| Stock-in-trade                           | 15          | 1,250,246,436               | 1,359,364,327               |
| Trade debts - unsecured, considered good |             | 337,356,911                 | 193,667,887                 |
| Loans and advances - considered good     | 16          | 39,056,012                  | 32,266,431                  |
| Trade deposits                           | 17          | 52,425,234                  | 38,023,019                  |
| Sales tax refundable from government     |             | 27,626,488                  | 7,114,627                   |
| Other receivables                        | 18          | 1,950,409                   | 1,950,409                   |
| Cash and bank balances                   | 19          | 20,710,908                  | 1,684,230                   |
|                                          |             | <u>1,825,849,206</u>        | <u>1,731,032,925</u>        |
| <b>Total Assets</b>                      |             | <u><u>2,932,743,382</u></u> | <u><u>2,929,977,134</u></u> |

The annexed notes 1 to 36 form an integral part of these financial statements

**CHIEF EXECUTIVE**

**DIRECTOR**

**APOLLO**

**APOLLO TEXTILE MILLS LIMITED  
PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2013**

|                                      | <i>Note</i> | <i>2013<br/>Rupees</i>        | <i>2012<br/>Rupees</i>        |
|--------------------------------------|-------------|-------------------------------|-------------------------------|
| Net Sales                            | 20          | 3,032,855,373                 | 1,819,835,108                 |
| Cost of goods sold                   | 21          | (2,890,654,954)               | (1,684,869,933)               |
| Gross profit                         |             | 142,200,419                   | 134,965,175                   |
| Selling and Distribution expenses    | 22          | (33,132,145)                  | (18,079,684)                  |
| Administrative and general expenses  | 23          | (33,171,310)                  | (37,457,947)                  |
|                                      |             | (66,303,455)                  | (55,537,631)                  |
| Other Operating expenses             | 24          | (4,492,450)                   | (5,769,382)                   |
| Other operating income               | 25          | <u>722,943</u><br>(3,769,508) | <u>163,946</u><br>(5,605,436) |
| Operating profit                     |             | 72,127,456                    | 73,822,108                    |
| Finance cost                         | 26          | (17,591,846)                  | (2,044,240)                   |
| Profit before taxation               |             | 54,535,610                    | 71,777,868                    |
| Taxation                             | 27          | (19,753,922)                  | (62,678,738)                  |
| Profit after taxation                |             | 34,781,688                    | 9,099,130                     |
| Earnings per share - Basic & diluted | 28          | <u>4.20</u>                   | <u>1.10</u>                   |

The annexed notes 1 to 36 form an integral part of these financial statements

CHIEF EXECUTIVE

DIRECTOR

**APOLLO TEXTILE MILLS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2013**

|                                                                                                                   | <i>2013<br/>Rupees</i> | <i>2012<br/>Rupees</i> |
|-------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| Profit for the year                                                                                               | 34,781,688             | 9,099,130              |
| Other Comprehensive income<br>incremental depreciation arising from revaluation<br>of property, plant & equipment | 25,431,579             | 27,900,647,            |
| Deferred tax relating to component of comprehensive<br>income                                                     | (10,913,790)           | (3,533,290)            |
| Other comprehensive income - net off tax                                                                          | 14,517,788             | 24,367,357             |
| Total Comprehensive income for the year                                                                           | 49,299,476             | 33,466,487             |

The annexed notes 1 to 36 form an integral part of these financial statements.

**CHIEF EXECUTIVE**

**DIRECTOR**

**APOLLO TEXTILE MILLS LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2013**

|                                                | <b>2013</b><br><i>Rupees</i> | <b>2012</b><br><i>Rupees</i> |
|------------------------------------------------|------------------------------|------------------------------|
| <b>A. CASH GENERATED FORM OPERATIONS</b>       |                              |                              |
| Profit before taxation                         | 54,535,610                   | 71,777,868                   |
| Adjustments for:                               |                              |                              |
| Depreciation                                   | 92,050,034                   | 99,620,140                   |
| Provision for gratuity                         | 2,991,638                    | 4,019,112                    |
| Finance costs                                  | 17,591,846                   | 594,501                      |
| Profit before working capital changes          | 112,633,518                  | 104,233,753                  |
| (Increase)/decrease in current assets          |                              |                              |
| Stores, spares and loose tools                 | 485,187                      | 1,088,756                    |
| Stocks-in-trade                                | 109,117,891                  | (5,523,313)                  |
| Trade debtors - unsecured, considered good     | (143,689,024)                | (116,420,537)                |
| Loans and advances- considered good            | (7,623,415)                  | 168,123                      |
| Trade deposits                                 | (14,402,215)                 | (13,398,807)                 |
| Sales tax refundable from government           | (20,511,861)                 | 3,602,503                    |
| Other receivables                              | -                            | 233,423                      |
|                                                | (76,623,437)                 | (130,250,052)                |
| Increase/(Decrease) in current liabilities     |                              |                              |
| Trade and other payables                       | (22,546,721)                 | 15,388,439                   |
| Cash generated from operations                 | 67,998,970                   | 61,150,008                   |
| Payments for:                                  |                              |                              |
| Gratuity                                       | (140,031)                    | (39,385)                     |
| Finance cost paid                              | (17,591,846)                 | (2,166,665)                  |
| Taxes                                          | (31,240,415)                 | (22,664,354)                 |
| Net cash from operating activities (A)         | 19,026,678                   | 36,279,604                   |
| <b>B. CASH FLOWS FORM INVESTING ACTIVITIES</b> |                              |                              |
| Fixed capital expenditure                      | -                            | (12,156,361)                 |
| Long term deposits                             | -                            | (22,023)                     |
| Net cash (used) in investing activities (B)    | -                            | (12,178,384)                 |

**APOLLO TEXTILE MILLS LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2013**

|                                                              | <i>2013<br/>Rupees</i> | <i>2012<br/>Rupees</i> |
|--------------------------------------------------------------|------------------------|------------------------|
| <b>C. CASH FLOWS FORM FINANCING ACTIVITIES</b>               |                        |                        |
| Long term financing (paid)                                   | -                      | (17,333,336)           |
| Short term borrowings (paid)                                 | -                      | (8,264,105)            |
| Net cash (used) from financing activities (C)                | -                      | (25,597,441)           |
| Net increase/(decrease) in cash and cash equivalents (A+B+C) | 19,026,678             | (1,496,221)            |
| Cash and cash equivalents at the beginning of the year       | 1,684,230              | 3,180,451              |
| Cash and cash equivalents at the end of the year             | <u>20,710,908</u>      | <u>1,684,230</u>       |
| Cash and cash equivalents                                    | 20,710,908             | 1,684,230              |
| Cash and bank balances                                       | <u>20,710,908</u>      | <u>1,684,230</u>       |

The annexed notes form 1 to 36 form an integral part of these financial statements

CHIEF  
EXECUTIVE

DIRECTOR

APOLLO

**APOLLO TEXTILE MILLS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2013**

|                                         | Share<br>capital   | General<br>reserve | Unappro-<br>priated<br>profit | Total       |
|-----------------------------------------|--------------------|--------------------|-------------------------------|-------------|
|                                         | ----- Rupees ----- |                    |                               |             |
| Balance as at July 01, 2011             | 82,847,000         | 142,000,000        | 99,031,068                    | 323,878,068 |
| Profit for the year ended June 30, 2012 | -                  | -                  | 9,099,130                     | 9,099,130   |
| Other comprehensive income for the year | -                  | -                  | 24,367,357                    | 24,367,357  |
| Total comprehensive income              | -                  | -                  | 33,466,487                    | 33,466,487  |
| Balance as at July 01, 2012             | 82,847,000         | 142,000,000        | 132,497,555                   | 357,344,555 |
| Profit for the year ended June 30, 2013 | -                  | -                  | 34,781,688                    | 34,781,688  |
| Other comprehensive income for the year | -                  | -                  | 14,517,788                    | 14,517,788  |
| Total comprehensive income              | -                  | -                  | 49,299,476                    | 49,299,476  |
| Balance as at June 30, 2013             | 82,847,00          | 142,000,000        | 181,797,031                   | 406,644,031 |

The annexed notes 1 to 36 form an integral part of these financial statements

CHIEF EXECUTIVE

DIRECTOR

# APOLLO TEXTILE MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2013

#### 1. STATUS AND NATURE OF BUSINESS

1.1 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 principle engaged in the manufacturing and sale of yarn. The company is listed on the Karachi, Lahore and Islamabad stock exchanges. The registered office of the company is located at 1-C, Ground Floor, 16th Commercial Street, Phase II Ext, DHA., Karachi, in the province of Sind and the manufacturing facility is located at Jasilwahin, Jiang Road, Muzaffargarh in the province of Punjab.

The financial statement are presented in Pak Rupee, which is the Companies functional and Presentation Currency.

#### 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 Standard (FRS.) issued by the international Standard Board as are notified. under Companies Ordinance 1984, provision 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 amendment 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:

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2012 but are considered not to be relevant or any significant effect on the company's operations and are, therefore, not detailed in these financial statements except the following.

IAS 19, 'Employee Benefits'. The impact on the company / will be as follows: to eliminate the corridor approach and recognizes all actuarial gains and to ses in other comprehensive income as they occur to immediately recognizes all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rete to the net defined liability / (assets).

### **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.

Projected unit credit method, using following significant assumptions, is used for determining the liability.

|                                  |    |
|----------------------------------|----|
| Discount rate                    | 2% |
| Expected rate of salary increase | 1% |

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

No. of employees as at June 30, 2013,are 1513

Average No. of employees for the year ended June 30, 2013 are 1558

#### **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 liability against assets subject to finance lease. The liabilities are classified as current and long-term depending upon open the timing of payment. Lease payments are apportioned between finance charges and reduction of the liability 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 measured at cost which is the fair value of the consideration to be paid in the 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 rate of taxation after taking into account tax credits and rebated available, if any minimum taxation at the rate of one turnover whichever is higher. However, for income covered under final tax regime, taxation based on applicable tax rates under such regime.

##### **3.4.2 Deferred**

Deferred income tax is recognized using the balance sheet liability method, providing for all the temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purpose, 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 difference. 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 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 expensive as and when incurred. Major renewals and replacement are capitalize 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 expenditure connected with specific assets incurred during instillation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these 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 amounts of company's assets are reviewed at each balance sheet date to identify circumstance indicating coinsurance of impairment loss or reversal of previous impairment losses. if any such indicates 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 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 realized 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 are valued at the lower of cost and net realized 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  
Finished goods and work in process

at purchase cost on weighed average basis.  
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 balance sheet net realizable value signifies the estimated selling price in the ordinary course of business less cost necessary to the 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 except for those covered by forward contracts, which are stated at contracted rates. Foreign currency 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 includes cash in hand and with banks. The fair value of cash and cash equivalents approximates their carrying amount.

### **3.11 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 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 outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

### **3.13 Borrowing Cost**

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

### **3.14 Related Party Transaction**

Transaction 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 provision of the instrument. Any gain or loss on the recognition and derecognition of the financial assets and financial liability 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 asset and a financial liability are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and the company intends to their settle on a net basis or no realize the asset and settle the liability simultaneously and the same is required or permitted by IAS/FRS or interpretations thereof.

### **3.17 Proposed Dividend 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

#### 4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Ordinary share of Rs. 10 each

| 2013<br>Number of Shares | 2012<br>Number of Shares |                         | 2013<br>Rupees    | 2012<br>Rupees    |
|--------------------------|--------------------------|-------------------------|-------------------|-------------------|
| 7,439,700                | 7,439,700                | Issued for cash         | 74,397,000        | 74,397,000        |
| 845,000                  | 845,000                  | Issued for bonus shares | 8,450,000         | 8,450,000         |
| <b>8,284,700</b>         | <b>8,284,700</b>         |                         | <b>82,284,700</b> | <b>82,284,700</b> |

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% (2012 : 6,550,020 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 revolution and deferred taxation.

|                                                                          | 2013<br>Rupees      | 2012<br>Rupees      |
|--------------------------------------------------------------------------|---------------------|---------------------|
| Surplus on revaluation of fixed assets - Opening                         | 339,349,761         | 367,250,408         |
| Incremental depreciation charged during the year-<br>net of deferred tax | 14,517,788          | 24,367,357          |
| Related deferred tax liability                                           | <u>10,913,790</u>   | <u>3,533,290</u>    |
|                                                                          | (25,431,578)        | (27,900,647)        |
| Surplus on revaluation as at year end                                    | <u>313,918,183</u>  | <u>339,349,761</u>  |
| Less: Related deferred tax liability                                     | <u>(52,002,491)</u> | <u>(63,916,282)</u> |
| Surplus on revaluation of fixed assets - Closing                         | <u>260,915,692</u>  | <u>275,433,479</u>  |

|                                                              | Note | 2013<br>Rupees      | 2012<br>Rupees      |
|--------------------------------------------------------------|------|---------------------|---------------------|
| <b>6. LONG TERM FINANCING</b>                                |      |                     |                     |
| <b>Secured - From banking company</b>                        |      |                     |                     |
| Term finance                                                 | 6.1  | 48,839,289          | 48,839,289          |
| Demand finances                                              | 6.2  | 391,859,378         | 391,859,378         |
| <b>From related party</b>                                    |      |                     |                     |
| Director's and other's loan                                  | 6.3  | 16,152,586          | 16,152,586          |
|                                                              |      | <u>456,851,253</u>  | <u>456,851,253</u>  |
| <b>Less: Current portion shown under current liabilities</b> |      | <u>(63,936,000)</u> | <u>(63,936,000)</u> |
|                                                              |      | <u>392,915,253</u>  | <u>392,915,253</u>  |

**6.1** These facilities for term finances have been obtained by the company from a financial institution which carries a markup rate of 6 month 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 finances 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% which is repayable in 16 to 20 equal installments on quarterly basis. The facilities are secured against pari passu charge over fixed assets of the company including land, building, plant & machinery.

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

**7. LIABILITIES AGAINST ASSETS  
SUBJECT TO FINANCE LEASE**

|                                             | 2013                         |                  | 2012                         |                  |
|---------------------------------------------|------------------------------|------------------|------------------------------|------------------|
|                                             | Minimum<br>lease<br>payments | Present<br>Value | Minimum<br>lease<br>payments | Present<br>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        |

**7.1** These finance have been obtained by the company from a leasing company which carries effective interest rate 13.83% (2012: 13.83%) These finance are secured against demand promissory note and personal guarantee of one sponsoring Director.

|                                | Note | 2012<br>Rupees | Present<br>Value |
|--------------------------------|------|----------------|------------------|
| <b>8. DEFERRED LIABILITIES</b> |      |                |                  |
| Gratuity                       | 8.1  | 12,394,667     | 9,543,060        |
| Deferred taxation              | 8.2  | 134,887,304    | 154,872,883      |
|                                |      | 147,281,971    | 164,415,943      |

## 8.1 Gratuity

2011  
Rupees

### Movement in net liability recognized

|                                                           |                   |                  |
|-----------------------------------------------------------|-------------------|------------------|
| Opening net liability                                     | 9,543,060         | 5,563,333        |
| Expense for the year                                      | 2,991,638         | 4,019,112        |
|                                                           | <u>12,534,698</u> | <u>9,582,445</u> |
| Benefits paid                                             | (140,031)         | (39,385)         |
|                                                           | <u>12,394,667</u> | <u>9,543,060</u> |
| Closing net liability                                     |                   |                  |
| <b>Charge for/ (Income from) the defined benefit plan</b> |                   |                  |
| Current service cost                                      | 703,880           | 1,669,741        |
| Interest cost                                             | 581,317           | 278,228          |
| Recognized actuarial losses                               | 1,706,441         | 2,071,143        |
|                                                           | <u>2,991,638</u>  | <u>4,019,112</u> |
| Expense for the year                                      |                   |                  |

### 8.1.1 Historical Information

|                                                                    | 2013       | 2012      | 2011      | 2010      | 2009      |
|--------------------------------------------------------------------|------------|-----------|-----------|-----------|-----------|
| Present value of defined benefit obligation                        | 12,394,667 | 9,543,060 | 5,563,333 | 8,070,952 | 7,193,730 |
| Fair value of plan assets                                          | -          | -         | -         | -         | -         |
| Surplus/ (Deficit) in the plan                                     | 12,394,667 | 9,543,060 | 5,563,333 | 8,070,952 | 7,193,730 |
| Unrecognised actuarial gain / (loss)                               | -          | -         | -         | -         | -         |
| (Asset)/liability in balance sheet                                 | 12,394,667 | 9,543,060 | 5,563,333 | 8,070,952 | 7,193,730 |
| Experience adjustment arising on plan liabilities (gains) / losses | -          | -         | -         | -         | -         |
| Experience adjustment arising on plan assets gains / (losses)      | -          | -         | -         | -         | -         |

## 8.2 Deferred Taxation

### This comprises the following:-

|                                                                                 | 2013<br>Rupees      | 2012<br>Rupees      |
|---------------------------------------------------------------------------------|---------------------|---------------------|
| Deferred tax liabilities on taxable temporary difference arising in respect of: |                     |                     |
| Own assets                                                                      | 95,571,349          | 112,820,069         |
| Surplus on revaluation of fixed assets                                          | 53,002,491          | 63,916,282          |
|                                                                                 | <u>148,573,840</u>  | <u>176,736,351</u>  |
| Deferred tax asset on deductible temporary differences:                         |                     |                     |
| arising in respect of:                                                          |                     |                     |
| Provision for gratuity                                                          | (2,312,111)         | (1,970,367)         |
| Leased assets net of liability                                                  | (1,460,448)         | (1,354,144)         |
| Tax losses and minimum tax                                                      | (9,913,977)         | (18,538,957)        |
|                                                                                 | <u>(13,686,536)</u> | <u>(21,863,468)</u> |
|                                                                                 | <u>134,887,304</u>  | <u>154,872,883</u>  |

APOLLO

|             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 2013<br>Rupees       | 2012<br>Rupees       |
|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| <b>9.</b>   | <b>Trade and Other Payables</b>                                                                                                                                                                                                                                                                                                                                                                                                                                 |                      |                      |
|             | Creditors                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 103,830,446          | 83,329,045           |
|             | Accrued liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                             | 64,780,120           | 60,066,561           |
|             | Advance from customers                                                                                                                                                                                                                                                                                                                                                                                                                                          | 32,624,099           | 88,369,000           |
|             | Workers profit participation fund                                                                                                                                                                                                                                                                                                                                                                                                                               | 2,172,653            | 3,913,488            |
| 9.1         | Workers welfare fund                                                                                                                                                                                                                                                                                                                                                                                                                                            | 4,353,642            | 2,033,845            |
| 9.2         | Unclaimed dividend                                                                                                                                                                                                                                                                                                                                                                                                                                              | 2,331,670            | 2,331,670            |
|             | Excise duty                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 35,014               | 35,014               |
|             | Others                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 12,588,175           | 5,183,917            |
|             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <u>222,715,820</u>   | <u>245,262,541</u>   |
| <b>9.1</b>  | <b>Worker's profit participation fund</b>                                                                                                                                                                                                                                                                                                                                                                                                                       |                      |                      |
|             | Balance at the beginning of the year                                                                                                                                                                                                                                                                                                                                                                                                                            | 3,913,488            | 36,126               |
|             | Allocation at the year                                                                                                                                                                                                                                                                                                                                                                                                                                          | <u>2,172,653</u>     | <u>3,877,362</u>     |
|             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 6,086,141            | 3,913,488            |
|             | Payments                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <u>(3,913,488)</u>   | <u>-</u>             |
|             | Balance at the end of the year                                                                                                                                                                                                                                                                                                                                                                                                                                  | <u>2,172,653</u>     | <u>3,913,488</u>     |
| <b>9.2</b>  | This represents dividend payable to Consolidated Overseas Investment & Finance Establishment. This amounts is unpaid on the instruction of the said company and dividend declared in 2010 and unpaid due to the orders of Honorable High Court of Sindh.                                                                                                                                                                                                        |                      |                      |
| <b>10.</b>  | <b>ACCRUED MARK-UP</b>                                                                                                                                                                                                                                                                                                                                                                                                                                          |                      |                      |
|             | From banking companies                                                                                                                                                                                                                                                                                                                                                                                                                                          | 111,002,851          | 111,002,851          |
|             | Long term finances                                                                                                                                                                                                                                                                                                                                                                                                                                              | 128,709,368          | 128,709,368          |
|             | Short term borrowings                                                                                                                                                                                                                                                                                                                                                                                                                                           | <u>239,712,219</u>   | <u>239,712,219</u>   |
| <b>11.</b>  | <b>SHORT-TERM BANK FINANCES - Secured</b>                                                                                                                                                                                                                                                                                                                                                                                                                       |                      |                      |
|             | Running finance                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <u>1,153,888,574</u> | <u>1,153,888,574</u> |
| <b>11.1</b> | These represent finances obtained from financial institutions which carries markup ranging from 5.30% to 15.86% (2012 : 5.30% to 15.86%) per annum payable on quarterly basis. These finance are secured 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. |                      |                      |
| <b>12.</b>  | <b>CONTINGENCIES AND COMMITMENTS</b>                                                                                                                                                                                                                                                                                                                                                                                                                            |                      |                      |
| <b>12.1</b> | <b>Contingencies</b>                                                                                                                                                                                                                                                                                                                                                                                                                                            |                      |                      |
|             | 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 Ltd)                                                                                                                                                                                                                                                                                                                                                                                                             | 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 damages occasioned to the Company in view of the unauthorized removal of the pledged goods by the said bank and their muqaddam and for the recovery of money illegally charged and recovered from the accounts of the company and losses occurred due to the unfair practice of the bank. The Bank of Punjab has filed Suit No. cos 06 against the company for Rs. 495,321,000/- in The Honorable Lahore High Court Lahore.
- 12.1.2** The Company has filed Suit No. B-91/2008 The Honorable High Court of the Sindh, Karachi against Standard Chartered Bank Limited to tune 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 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 Suite 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 controverted 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 of Sindh, Karachi.
- 12.1.5** M/s 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 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 of Sindh, Karachi.
- 12.1.7** M/s Standard Chartered Bank Limited has file 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, 2013 (2012:NIL)

13.

**Property, Plant and Equipment**

|                        |      |               |               |
|------------------------|------|---------------|---------------|
| Operating fixed assets | 13.1 | 1,039,804,927 | 1,131,854,960 |
|------------------------|------|---------------|---------------|

APOLLO

### 13.1 Operating fixed assets

| Description                  | 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 | Total         |
|------------------------------|---------------|------------------------------------|----------------------------------------|-------------------|-----------------------|------------------|-----------------------|-----------|------------------|------------|-------------------|---------------|
| COST / REVALUATION           |               |                                    |                                        |                   |                       |                  |                       |           |                  |            |                   |               |
| Balance as at 01 July 2011   | 31,,543,750   | 218,773,416                        | 41,337,086                             | 1,578,015,376     | 6,649,648             | 4,976,399        | 1,105,577             | 4,778,772 | 3,363,243        | 13,570,879 | 26,565,032        | 1,930,679,178 |
| Additions                    | -             | -                                  | -                                      | 12,011,361        | -                     | -                | -                     | 145,000   | -                | -          | -                 | 12,156,361    |
| Disposals                    | -             | -                                  | -                                      | -                 | -                     | -                | -                     | -         | -                | -          | -                 | -             |
| Balance as 30 June, 2012     | 31,543,750    | 218,773,416                        | 41,337,086                             | 1,590,026,737     | 6,649,648             | 4,976,399        | 1,105,577             | 4,923,772 | 3,363,243        | 13,570,879 | 26,565,032        | 1,942,835,539 |
| Balance as at 01 July, 2012  | 31,543,750    | 218,773,416                        | 41,337,086                             | 1,590,026,737     | 6,649,648             | 4,976,399        | 1,105,577             | 4,923,772 | 3,363,243        | 13,570,879 | 26,565,032        | 1,942,835,539 |
| Additions                    | -             | -                                  | -                                      | -                 | -                     | -                | -                     | -         | -                | -          | -                 | -             |
| Disposals                    | -             | -                                  | -                                      | -                 | -                     | -                | -                     | -         | -                | -          | -                 | -             |
| Balance as at 30 June, 2013  | 31,543,750    | 218,773,416                        | 41,337,086                             | 1,590,026,737     | 6,649,648             | 4,976,399        | 1,105,577             | 4,923,772 | 3,363,243        | 13,570,879 | 26,565,032        | 1,942,835,539 |
| DEPRECIATION                 |               |                                    |                                        |                   |                       |                  |                       |           |                  |            |                   |               |
| Balance as on 01, July, 2011 | -             | 95,289,901                         | 11,077,140                             | 563,908,286       | 5,292,849             | 3,917,807        | 874,440               | 4,479,895 | 2,582,200        | 11,490,635 | 12,447,286        | 711,360,439   |
| Change for the year          | -             | 12,348,352                         | 1,512,997                              | 83,487,672        | 135,680               | 105,859          | 23,114                | 100,538   | 78,104           | 416,049    | 1,411,775         | 99,620,139    |
| On Disposals                 | -             | -                                  | -                                      | -                 | -                     | -                | -                     | -         | -                | -          | -                 | -             |
| Balance as at 30 June, 2012  | -             | 107,638,253                        | 12,590,137                             | 647,395,958       | 5,428,529             | 4,023,666        | 897,554               | 4,580,433 | 2,660,304        | 11,906,684 | 13,859,061        | 810,980,578   |
| Balance as at 01 July, 2012  | -             | 107,638,253                        | 12,590,137                             | 647,395,958       | 5,428,529             | 4,023,666        | 879,554               | 4,580,433 | 2,660,304        | 11,906,684 | 13,859,061        | 810,980,578   |
| Change for the year          | -             | 11,113,516                         | 1,437,347                              | 77,484,250        | 122,112               | 95,273           | 20,802                | 103,002   | 70,294           | 332,839    | 1,270,597         | 92,050,034    |
| On Disposals                 | -             | -                                  | -                                      | -                 | -                     | -                | -                     | -         | -                | -          | -                 | -             |
| Balance as at June, 2013     | -             | 118,751,769                        | 14,027,485                             | 724,880,208       | 5,550,641             | 4,118,939        | 918,356               | 4,683,434 | 2,730,598        | 12,239,523 | 15,129,658        | 903,030,612   |
| CARRYING AMOUNT - 2013       | 31,543,750    | 100,021,646                        | 27,309,601                             | 865,146,529       | 1,099,007             | 857,460          | 187,221               | 240,337   | 632,645          | 1,331,356  | 11,435,374        | 1,039,804,927 |
| CARRYING AMOUNT - 2012       | 31,543,750    | 111,135,163                        | 28,746,949                             | 942,630,779       | 1,221,119             | 952,733          | 208,023               | 343,340   | 702,939          | 1,664,195  | 12,705,971        | 1,131,854,960 |
| RATE OF DEPRECIATION (%)     |               | 10%                                | 5%                                     | 8.22%             | 10%                   | 10%              | 10%                   | 30%       | 10%              | 20%        | 10%               |               |

|                                               | Note | 2013<br>Rupees    | 2012<br>Rupees    |
|-----------------------------------------------|------|-------------------|-------------------|
| <b>13.2 Depreciation has been charged to:</b> |      |                   |                   |
| Cost of sales                                 |      | 91,305,711        | 98,760,796        |
| Administrative and general expenses           |      | 744,322           | 859,344           |
|                                               |      | <u>92,050,033</u> | <u>99,620,140</u> |

Had there been no revaluation, the related figures of land, building and plant and machinery as at June 30, 2013 would have been as follows:-

|                                           | June 30, 2013        |                             |                    | June 30, 2012        |                             |                    |
|-------------------------------------------|----------------------|-----------------------------|--------------------|----------------------|-----------------------------|--------------------|
|                                           | Cost                 | Accumulated<br>Depreciation | Carrying<br>value  | Cost                 | Accumulated<br>Depreciation | Carrying<br>value  |
|                                           | Rupees               |                             |                    |                      |                             |                    |
| Free hold land                            | 1,759,076            | -                           | 1,759,076          | 1,759,076            | -                           | 1,759,076          |
| Factory building on free<br>hold land     | 168,162,573          | 109,934,468                 | 58,228,106         | 168,162,573          | 103,464,678                 | 64,697,895         |
| Non factory building on free<br>hold land | 8,232,634            | 5,742,680                   | 2,489,954          | 8,232,634            | 5,611,630                   | 2,621,004          |
| Plant and machinery                       | 1,663,172,183        | 1,015,545,974               | 647,606,209        | 1,663,172,183        | 957,543,278                 | 705,628,905        |
|                                           | <u>1,841,326,466</u> | <u>1,131,233,122</u>        | <u>710,103,344</u> | <u>1,841,326,466</u> | <u>1,066,619,586</u>        | <u>774,706,880</u> |

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

|                                           | Note | 2013<br>Rupees    | 2012<br>Rupees    |
|-------------------------------------------|------|-------------------|-------------------|
| <b>14. STORES, SPARES AND LOOSE TOOLS</b> |      |                   |                   |
| Stores                                    |      |                   |                   |
| Spares                                    |      | 16,130,764        | 17,980,311        |
| Loose tools                               |      | 80,256,801        | 78,926,560        |
|                                           |      | <u>89,343</u>     | <u>55,124</u>     |
|                                           |      | <u>96,476,808</u> | <u>96,961,995</u> |

|                            | Note | 2013<br>Rupees       | 2012<br>Rupees       |
|----------------------------|------|----------------------|----------------------|
| <b>15. STOCK -IN-TRADE</b> |      |                      |                      |
| Raw material               |      | 250,877,333          | 310,248,082          |
| Work-in-process            |      | 3,942,140            | 4,430,157            |
| Finished goods             |      | 989,382,159          | 1,039,882,159        |
| Waste                      |      | 6,044,804            | 4,803,929            |
|                            |      | <u>1,250,246,436</u> | <u>1,359,364,327</u> |

**15.1** The Stock in trade includes stocks of raw cotton and cotton yarn misappropriated by the banks and their muqaddams amounting to Rs. 234,051,152 and Rs. 737,202,700 respectively (2012, Rs. 234,051,152 and Rs. 737,202,700). 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.

|                                                | Note | 2013<br>Rupees    | 2012<br>Rupees    |
|------------------------------------------------|------|-------------------|-------------------|
| <b>16. LOANS AND ADVANCES -Considered good</b> |      |                   |                   |
| <i>Related parties</i>                         |      |                   |                   |
| Due from employees                             |      | 10,089,613        | 8,882,205         |
| <i>Others</i>                                  |      |                   |                   |
| Advance to supplier                            |      | 9,514,867         | 3,098,860         |
| Advance income tax                             |      | <u>19,451,531</u> | <u>20,285,366</u> |
|                                                |      | <u>39,056,012</u> | <u>32,266,431</u> |

|                           |  |                   |                   |
|---------------------------|--|-------------------|-------------------|
| <b>17. TRADE DEPOSITS</b> |  |                   |                   |
| Margin against grantees   |  | 11,175,800        | 11,175,800        |
| Others                    |  | 41,249,434        | 26,847,219        |
|                           |  | <u>52,425,234</u> | <u>38,023,019</u> |

|                              |      |                  |                  |
|------------------------------|------|------------------|------------------|
| <b>18. OTHER RECEIVABLES</b> |      |                  |                  |
| Central excise duty          | 18.1 | 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> |

- 18.1** This represents central excise duty on loans. The matter was decided in Sindh High Court in favor of the Company. However, Federation of Pakistan has filed an appeal before The Honorable Supreme Court of Pakistan against the said order of the Sindh High Court.

**19. CASH AND BANK BALANCES**

| Note                         | 2013<br>Rupees    | 2012<br>Rupees   |
|------------------------------|-------------------|------------------|
| In hand                      | 295,447           | 499,174          |
| At banks in current accounts | 20,415,461        | 1,185,056        |
|                              | <u>20,710,908</u> | <u>1,684,230</u> |

**20. NET SALES**

|                  |                      |                      |
|------------------|----------------------|----------------------|
| Yarn             |                      |                      |
| Local            | 862,227,327          | 1,152,514,816        |
| Export           | 2,096,155,881        | 523,971,285          |
| Waste-Local      | 109,615,727          | 144,042,943          |
|                  | <u>3,067,998,935</u> | <u>1,820,529,044</u> |
| Less: Commission | <u>(35,143,562)</u>  | <u>(693,936)</u>     |
|                  | <u>3,032,855,373</u> | <u>1,819,835,108</u> |

**21. COST OF SALES**

|                                      |      |                      |                      |
|--------------------------------------|------|----------------------|----------------------|
| Raw material consumed                | 21.1 | 2,165,343,449        | 1,134,925,098        |
| Packing material consumed            |      | 31,617,604           | 21,693,942           |
| Stores and spares consumed           |      | 59,952,490           | 32,244,754           |
| Salaries, wages and benefits         | 21.2 | 181,909,553          | 119,372,356          |
| Fuel and Power                       |      | 278,615,070          | 239,647,031          |
| Depreciation                         | 13.2 | 91,305,711           | 98,760,796           |
| Repairs and maintenance              |      | 3,020,996            | 2,232,335            |
| Insurance                            |      | 17,583,885           | 15,757,610           |
| Others                               |      | 10,183,179           | 5,274,485            |
|                                      |      | <u>2,839,666,936</u> | <u>1,669,908,407</u> |
| Opening inventory of work in process |      | 4,430,157            | 4,810,740            |
| Closing inventory of work in process |      | <u>(3,942,140)</u>   | <u>(4,430,157)</u>   |
|                                      |      | <u>2,840,154,953</u> | <u>1,670,288,990</u> |

|                                     |                      |                        |
|-------------------------------------|----------------------|------------------------|
| Opening inventory of finished goods | 1,039,882,159        | 1,054,463,102          |
| Closing inventory of finished goods | <u>(989,382,159)</u> | <u>(1,039,882,159)</u> |
|                                     | <u>2,890,654,954</u> | <u>1,684,869,933</u>   |

**21.1 Raw material consumed**

|                                 |                      |                      |
|---------------------------------|----------------------|----------------------|
| Opening stock                   | 310,248,083          | 293,215,112          |
| Purchases and purchase expenses | 2,105,972,699        | 1,151,958,069        |
|                                 | <u>2,416,220,782</u> | <u>1,445,173,181</u> |
| Closing Stock                   | <u>(250,877,333)</u> | <u>(310,248,083)</u> |
|                                 | <u>2,165,343,449</u> | <u>1,134,925,098</u> |

- 21.2** This includes Rs. 2,542,890 (2012: 3,538,623) in respect of retirement benefits.

|                                                | Note                                                                               | 2013<br>Rupees     | 2012<br>Rupees    |
|------------------------------------------------|------------------------------------------------------------------------------------|--------------------|-------------------|
| <b>22. SELLING AND DISTRIBUTION EXPENSES</b>   |                                                                                    |                    |                   |
| Ocean freight                                  |                                                                                    | 13,723,379         | 9,563,062         |
| Export development surcharge                   |                                                                                    | 3,896,192          | 1,221,660         |
| Clearing charges                               |                                                                                    | 7,701,785          | 1,837,732         |
| Freight on local sales                         |                                                                                    | 4,499,707          | 3,414,560         |
| Others                                         |                                                                                    | 3,311,082          | 2,042,670         |
|                                                |                                                                                    | <u>33,132,145,</u> | <u>18,079,684</u> |
| <b>23. ADMINISTRATIVE AND GENERAL EXPENSES</b> |                                                                                    |                    |                   |
| Director's remuneration                        | 23.1                                                                               | 4,800,000          | 4,800,000         |
| Staff salaries and benefits                    |                                                                                    | 6,216,436          | 5,603,797         |
| Rent, rates and taxes                          |                                                                                    | 1,435,095          | 1,212,000         |
| Postage telegram and telephone                 |                                                                                    | 1,628,647          | 1,145,671         |
| Printing and stationery                        |                                                                                    | 234,515            | 517,156           |
| Traveling and conveyance                       |                                                                                    | 161,274            | 42,739            |
| Legal and professional                         |                                                                                    | 9,226,880          | 15,843,575        |
| Fees and subscription                          |                                                                                    | 184,292            | 1,001,596         |
| Advertisement                                  |                                                                                    | 34,509             | 27,148            |
| Vehicles running and maintenance               |                                                                                    | 975,354            | 1,039,692         |
| Security charges                               |                                                                                    | 14,340             | 256,206           |
| Auditors remuneration                          | 23.2                                                                               | 565,600            | 525,000           |
| Depreciation                                   | 13.2                                                                               | 744,322            | 859,344           |
| Charity Donations                              | 23.3                                                                               | 10,000             | 29,000            |
| Others                                         |                                                                                    | 6,940,046          | 4,555,023         |
|                                                |                                                                                    | <u>33,171,310</u>  | <u>37,457,947</u> |
| <b>23.1</b>                                    | This includes Rs. 448,746 (2012: Rs. 480,490/-) in respect of retirement benefits: |                    |                   |
| <b>23.2 Auditor's remuneration</b>             |                                                                                    |                    |                   |
| Annual Audit fee                               |                                                                                    | 400,000            | 400,000           |
| Half yearly review fee                         |                                                                                    | 140,600            | 100,000           |
| Out of pocket expenses                         |                                                                                    | 25,000             | 25,000            |
|                                                |                                                                                    | <u>565,600</u>     | <u>525,000</u>    |
| <b>23.3</b>                                    | None of the directors or their spouses had any interest in donee's institution.    |                    |                   |
| <b>24. OTHER OPERATING EXPENSES</b>            |                                                                                    |                    |                   |
| Worker's profit participation fund             |                                                                                    | 2,172,653          | 3,877,362         |
| Worker's welfare fund                          |                                                                                    | 2,319,797          | 1,892,020         |
|                                                |                                                                                    | <u>4,492,450</u>   | <u>5,769,382</u>  |
| <b>25. OTHER OPERATING INCOME</b>              |                                                                                    |                    |                   |
| Exchange difference                            |                                                                                    | 722,943            | 163,946           |
|                                                |                                                                                    | <u>722,943</u>     | <u>163,946</u>    |

|                             | Note | 2013<br>Rupees    | 2012<br>Rupees    |
|-----------------------------|------|-------------------|-------------------|
| <b>26. FINANCE COST</b>     |      |                   |                   |
| Bank charges and commission |      | 17,591,846        | 2,044,240         |
|                             |      | <u>17,591,846</u> | <u>2,044,240</u>  |
| <b>27. TAXATION</b>         |      |                   |                   |
| Current                     | 27.1 | 25,469,338        | 17,804,086        |
| Prior                       |      | 14,270,163        | (371,972)         |
| Deferred                    |      | (19,985,579)      | 45,246,624        |
|                             |      | <u>19,753,922</u> | <u>62,678,738</u> |

**27.1** 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

**28. EARNINGS PER SHARE  
-Basic and diluted**

|                           |                  |                  |
|---------------------------|------------------|------------------|
| Profit after taxation     |                  |                  |
|                           | 34,781,688       | 9,099,130        |
| Number of ordinary shares | <u>8,284,700</u> | <u>8,284,700</u> |
| Basic earnings per share  | <u>4.20</u>      | <u>1.10</u>      |

**28.1** A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2013 and June 30, 2012 which would have any effect on the earnings per share if the option to convert is exercised.

**29. 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:-

|                      | 2013               |                        |                |                  | 2012               |                        |                |                  |
|----------------------|--------------------|------------------------|----------------|------------------|--------------------|------------------------|----------------|------------------|
|                      | Chief<br>Executive | Executive<br>Directors | Executive      | Total            | Chief<br>Executive | Executive<br>Directors | Executive      | Total            |
| Remuneration         | 1,600,000          | 1,600,000              | 400,000        | 3,600,000        | 1,600,000          | 1,600,000              | 400,000        | 3,600,000        |
| House rent allowance | 720,000            | 720,000                | 180,000        | 1,620,000        | 720,000            | 720,000                | 180,000        | 1,620,000        |
| Other allowances     | 80,000             | 80,000                 | 30,000         | 180,000          | 80,000             | 80,000                 | 20,000         | 180,000          |
|                      | <u>2,400,000</u>   | <u>2,400,000</u>       | <u>600,000</u> | <u>5,400,000</u> | <u>2,400,000</u>   | <u>2,400,000</u>       | <u>600,000</u> | <u>5,400,000</u> |
| Number of persons    | 1                  | 1                      | 1              | 3                | 1                  | 1                      | 1              | 3                |

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

### 30. Transactions with related parties

Related parties comprise of directors and key management personnel of the Company

Details of transactions with related parties during the year were as follows

| Relationship | Nature of transactions | 2013<br>Rupees | 2012<br>Rupees |
|--------------|------------------------|----------------|----------------|
| Employee     | Loan given             | 1,207,408      | 2,930,937      |

### 31. Capacity and Production

|                  | 2013       |            | 2012       |           |
|------------------|------------|------------|------------|-----------|
|                  | CAPACITY   | ACTUAL     | CAPACITY   | ACTUAL    |
| Production in Kg | 15,000,000 | 10,404,367 | 15,000,000 | 6,785,478 |

### 32. 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

#### 32.1 Credit Risk Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparts to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loan 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:

|                                          | 2013<br>Rupees | 2012<br>Rupees |
|------------------------------------------|----------------|----------------|
| Trade debtors-unsecured, considered good | 337,356,911    | 193,667,887    |
| Loans and advances                       | 39,056,012     | 32,266,431     |
| Trade deposits                           | 52,425,234     | 38,023,019     |
| Other receivables                        | 1,950,407      | 1,950,409      |
| Cash and bank balances                   | 20,710,908     | 1,684,230      |

#### 32.1.1 The maximum exposure to credit risk for trade debts amounting to Rs. 337.3 million (2012: Rs.193.6 million), at the balance sheet date by geographic region is as follows:

|          |                    |                    |
|----------|--------------------|--------------------|
| Domestic | 64,409,054         | 100,098,820        |
| Export   | 272,947,857        | 93,569,067         |
|          | <u>337,356,911</u> | <u>193,667,887</u> |

#### 32.1.2 Based on the past experience of financial, past track records and recoveries, the Company believes that the 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.

#### 32.2 Liquidity risk

Liquidity risk is the risk 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 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 are as follows:

|                                                     | <i>Inters/bearing</i> |                   |                 | <i>Non Interest bearing</i> |                   |               | <i>June 2013</i> | <i>June 2012</i> |
|-----------------------------------------------------|-----------------------|-------------------|-----------------|-----------------------------|-------------------|---------------|------------------|------------------|
|                                                     | Less than one year    | One to five years | Sub to five (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     | -                           | -                 | -             | 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                            | -                     | -                 | -               | 222,715,820                 | -                 | 222,715,820   | 222,715,820      | 245,262,541      |
| 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                 | -                 | 239,712,219   | 239,712,219      | 239,712,219      |
|                                                     | 1,231,544,015         | 398,460,296       | 1,630,004,311   | 462,428,039                 | -                 | 462,428,039   | 2,092,432,350    | 2,114,979,071    |

### 32.3 Market Risk

Market risk is the 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.

#### 32.3.1 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.

#### 32.3.2 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.

### 32.4 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 market is based on quoted market prices at the balance sheet date. However, the company does not hold any quoted financial instrument. The financial instrument that are not traded in active market are carried out 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.

### 32.5 Capital risk management

The objective of the Company when managing capital is to safeguard to 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.

### 33. *Accounting Estimates & Judgements*

The company makes estimate and assumptions that effect the reported amounts of assets and liabilities within the next financial year. Estimate 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.

#### 33.1 *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.

#### 33.2 *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.

#### 33.3 *Defined retirement benefit scheme*

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)

#### 33.4 *Provision for obsolete stock*

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

#### 33.5 *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.

#### 33.6 *Depreciable amount and useful life of fixed assets*

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.

### 34. *CORRESPONDING FIGURES*

Corresponding figures have been rearranged and reclassified where necessary for the purposes of comparison. These changes were made for better presentation of transactions in the financial statements of the company.

| Note    | Reclassification        |                       | Nature                                    | Rupees     |
|---------|-------------------------|-----------------------|-------------------------------------------|------------|
|         | from                    | To                    |                                           |            |
| 9       | Trade Debtors           | Advance from customer | Reclassification of advances customer     | 65,529,073 |
| 9 & 16  | Trade Creditors         | Advance to supplier   | Reclassification of advances suppliers    | 3,098,860  |
| 21 & 23 | Administrative expenses | Cost of sales         | Reclassification of depreciation expenses | 1,329,252  |

### 35. *AUTHORIZATION OF FINANCIAL STATEMENTS AND APPROPRIATION*

These financial statements were authorized for issue on 07 Oct 2013 by the Board of Directors.

### 36. *General*

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR

**PATTERN OF HOLDING SHARES BY THE SHAREHOLDERS  
AS AT JUNE 30, 2013**

| NO. OF<br>SHARE HOLDERS | SHARE-HOLDING TOTAL |        | SHARE HELD |
|-------------------------|---------------------|--------|------------|
|                         | FROM                | TO     |            |
| 249                     | 1                   | 100    | 24,423     |
| 199                     | 101                 | 500    | 86,790     |
| 37                      | 501                 | 1000   | 32,700     |
| 29                      | 1001                | 5000   | 68,787     |
| 3                       | 50001               | 656000 | 8,072,000  |
| 517                     |                     |        | 8,284,700  |

**CATEGORIES OF SHAREHOLDERS  
AS AT JUNE 30, 2013**

| CATEGORIES OF<br>SHARE HOLDERS | FROM | TO        | SHARE HELD |
|--------------------------------|------|-----------|------------|
| Individuals                    | 511  | 1,726,595 | 20.841%    |
| Insurance Companies            | 1    | 2,000     | 0.024%     |
| Joint Stock Companies          | 1    | 85        | 0.001%     |
| Financial institutions         | 1    | 400       | 0.005%     |
| Modaraba Companies             | 1    | 500       | 0.006%     |
| Foreign Investors              | 1    | 6,555,020 | 79.122%    |
| Others                         | 1    | 100       | 0.001%     |
|                                | 517  | 8,284,700 | 100.000%   |

## DETAIL OF ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES

| 1. | ICP                                                                                                                  | No. of Share<br>Holder | Shares Held      |
|----|----------------------------------------------------------------------------------------------------------------------|------------------------|------------------|
|    | Investment Corporation of Pakistan.                                                                                  | 1                      | 100              |
| 2. | <b>DIRECTORS, CEO AND THEIR SPOUSE AND MINOR CHILDREN</b>                                                            |                        |                  |
|    | Mr. Ikram Zahur                                                                                                      | 1                      | 777,490          |
|    | Mr. Abdul Rehman Zahur                                                                                               | 1                      | 739,490          |
|    | Mr. Mohammad Tahir Khan                                                                                              | 1                      | 500              |
|    | Mr. Mohammad Farooq                                                                                                  | 1                      | 500              |
|    | Mr. Shabir Ahmed                                                                                                     | 1                      | 500              |
|    | Mr. Riaz Hussain                                                                                                     | 1                      | 500              |
|    | Mr. Muhammad Liaquat                                                                                                 | 1                      | 500              |
|    |                                                                                                                      | 7                      | 1,519,480        |
| 3. | <b>NON BANKING FINANCE INSTITUTION, INSURANCE COMPANIES, MODARABAS AND<br/>MUTUAL FUNDS, JOINT STOCK COMPANIES:-</b> |                        |                  |
|    | Modaraba Al Mali                                                                                                     | 1                      | 500              |
|    | National Industrial Cooperative Finance Corp. Ltd.                                                                   | 1                      | 400              |
|    | Crescent Star Insurance                                                                                              | 1                      | 2,000            |
|    | Time Securities                                                                                                      | 1                      | 85               |
|    |                                                                                                                      | 4                      | 2,985            |
| 4. | <b>FOREIGN INVESTORS:</b>                                                                                            |                        |                  |
|    | Consolidated Overseas Investment & Finance                                                                           | 1                      | 6,555,020        |
| 5. | <b>INDIVIDUALS</b>                                                                                                   | <b>504</b>             | <b>207,115</b>   |
|    | <b>TOTAL</b>                                                                                                         | <b>517</b>             | <b>8,284,700</b> |

## SHAREHOLDERS HOLDING TEN PERCENT OR MORE VOTING INTEREST:

|                                            | Share Held | Percentage |
|--------------------------------------------|------------|------------|
| Consolidated Overseas Investment & Finance | 6,555,020  | 79.122%    |





## PROXY FORM

**APOLLO TEXTILE MILLS LIMITED**  
1-C, Ground Floor, 16th Commercial Street,  
Phase II Ext. D.H.A, Karachi.

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 29 October, 2013 at 8:15 p.m. at 1-C, Ground Floor, 16th Commercial Street, Phase II Ext, D.H.A. Karachi and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

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.

APOLLO

APOLLO

0.100%

APOLLO