

QUARTERLY REPORT

December 31, 2016



**Fateh
Sports Wear
Limited**

Mirpurkhas Road, Hyderabad, Pakistan

Fateh Sports Wear Limited

442, Mirpurkhas Road, Hyderabad

BOARD'S REVIEW TO THE SHAREHOLDERS

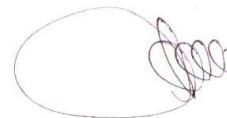
The Directors of your Company present before you the Quarterly Accounts (2nd Quarter) Un-Audited Balance Sheet and Profit & Loss Account alongwith the Cash Flow Statement for the period ended December 31, 2016.

During the period under review, Company has no sales due to non availability of the orders. Company incurred Gross Loss only in respect of Administration expenses of Rs.0.341 million and Financial and other charges of Rs.0.06 million, Company incurred loss before taxation is Rs.0.40 million. The accumulated losses stand at Rs. 325.62 million. Loss per share is Rs.0.20.

The Board as part of its periodic reviews of the matter of contingent assets of the Company with regard to stuck up funds from Russian Federation against Sea Freight Compensation that are disclosed in note 17 in the financial statements for the year ended June 30, 2016 has decided to derecognize the same from its books of account in view of the uncertainty of the recovery thereof that appears to loom for a unforeseeable future period and expressed apprehension from the way it has come to a stands till that this may be realized as it has no control over the sovereign state that has to pay this amount and there is no way in its control with which it can break the stalemate.

The Board unanimously decided to derecognize the same.

for and on behalf of the Board



RAUF ALAM
Chief Executive

Hyderabad: February 23, 2017

AUDITOR'S REVIEW REPORT TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim balance sheet of M/s. Fateh Sports Wear Limited (the Company) as at December 31, 2016 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim changes in equity and notes to the accounts for the six-months' period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standard as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2016 and quarter ended December 31, 2015 have not been reviewed as we are required to review only the cumulative figures for six months period ended December 31, 2016.

Scope of Review

Except as explained in the following paragraph, we conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditors of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Adverse Conclusion

1) As discussed in note 2 to the interim financial information, the Company has incurred loss of Rs. 0.40 million. The accumulated loss upto December 31, 2016 is at Rs. 325.62 million, which has resulted in net capital deficiency of Rs. 252.12 million. The current liabilities exceeded current assets by Rs. 266.18 million thereby leaving an adverse current ratio of 0.09:1.00. The operations of the company are closed since 2003 and all the employees are laid off. These factors indicate the existence of material uncertainty, cast significant doubt about the company's ability to continue as a going concern and therefore may be unable to realize its assets and discharge its liabilities in the normal course of business. In spite of these factors the financial statements have been prepared on going concern assumption although adjustments relating to recoverability and reclassification of recorded assets and liabilities appear to be necessary.

2) The Company has not made provision for doubtful balances in other receivables amounting to Rs. 17.996 million. Had this provision been made, loss for the period would have increased by the same amount.

Adverse Conclusion

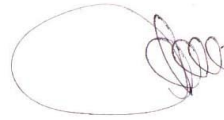
Our review indicates that, because of the effects of the matters as described in para 1 and 2 above, this interim financial information does not give a true and fair view of the financial position of the entity as at December 31, 2016 and of its financial performance and its cash flows for the half year then ended in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

BALANCE SHEET

As at December 31, 2016
(Un-Audited)

	<u>31-12-2016</u> <u>RUPEES</u>	<u>30-06-2016</u> <u>RUPEES</u>
Capital & Liabilities		
Authorized Capital		
5,000,000 ordinary shares of Rs. 10/- each	<u>50,000,000</u>	<u>50,000,000</u>
Shareholders' Equity		
Issued, subscribed and paid up share capital	<u>20,000,000</u>	20,000,000
General reserve	<u>53,500,000</u>	53,500,000
Accumulated loss	<u>(325,618,687)</u>	(325,219,384)
	<u>(252,118,687)</u>	(251,719,384)
Current Liabilities		
Trade and other payables	<u>16,188,700</u>	16,936,014
Markup accrued on loans	<u>132,380,182</u>	132,380,182
Short term borrowings	<u>144,851,267</u>	144,040,267
Provision for taxation	<u>113,391</u>	113,391
Contingencies and commitments	<u>0</u>	0
	<u>293,533,540</u>	293,469,854
Total	<u>41,414,853</u>	<u>41,750,470</u>
Property & Assets		
Operating Fixed Assets	14,061,209	14,401,819
Current Assets		
Store, spare parts and loose tools	<u>0</u>	0
Stock-in-trade	<u>6,134,237</u>	6,134,237
Trade debts	<u>1,939,636</u>	1,937,791
Advances, deposits and prepayments	<u>1,069,681</u>	1,069,381
Other receivables	<u>17,996,069</u>	17,996,069
Cash and bank balances	<u>214,021</u>	211,173
Contingent assets	<u>0</u>	0
	<u>27,353,644</u>	27,348,651
Total	<u>41,414,853</u>	<u>41,750,470</u>

Hyderabad: February 23, 2017



RAUF ALAM
Chief Executive



AFTAB ALAM
Director

PROFIT AND LOSS ACCOUNT

For the 2nd Quarter ended December 31, 2016

(Un-Audited)

	OCT-DEC 2016 RUPEES	JUL-DEC 2016 RUPEES	OCT-DEC 2015 RUPEES	JUL-DEC 2015 RUPEES
Sales	0	0	0	0
Cost of sales	0	0	191,598	362,769
Gross Loss	0	0	(191,598)	(362,769)
Administration expense	170,305	340,610	30,799	65,249
Selling Expenses	0	0	0	0
	170,305	340,610	30,799	65,249
Operating Loss	(170,305)	(340,610)	(222,397)	(428,018)
Other Income	0	0	0	0
Exchange Gain	923	1,845	11,076	57,226
	(169,382)	(338,765)	(211,321)	(370,792)
Financial expenses	459	538	820	820
Other charges	60,000	60,000	60,000	60,000
	60,459	60,538	60,820	60,820
Loss before Taxation	(229,841)	(399,303)	(272,141)	(431,612)
Taxation	0	0	0	0
Loss after Taxation	(229,841)	(399,303)	(272,141)	(431,612)
Other comprehensive income	0	0	0	0
Total Comprehensive Loss for the Period	(229,841)	(399,303)	(272,141)	(431,612)
Loss per share	(0.11)	(0.20)	(0.14)	(0.22)

Notes:

- Fateh Sports Wear Limited is incorporated in Pakistan as a public limited company and is listed on the Pakistan Stock Exchange Limited. The Company is engaged mainly in the manufacturing and export of ready-made garments.
- These financial statements have been prepared on going concern basis in spite of the uncertainties given hereunder:
 - The operations of the Company were closed since the year 2003. In 2011 the company has started manufacturing activities partially undertaken and supplying goods to foreign as well as local customers with an aim to secure further orders but due to stuck up funds with Russian Federation desired results could not be achieved. Due to scarce financial resources the operations were not viable hence closed from March, 2016;
 - There are accumulated losses amounting to Rs. 325.62 million, resulting into net capital deficiency of Rs.252.12 million and adverse financial ratios; and
 - The current liabilities exceed its current assets by Rs. 266.18 million; and

The Board as part of its periodic reviews of the matter of contingent assets of the Company with regard to stuck up funds from Russian Federation against Sea Freight Compensation that are disclosed in note 17 in the financial statements for the year ended June 30, 2016 has decided to derecognize the same from its books of account in view of the uncertainty of the recovery thereof that appears to loom for a unforeseeable future period and expressed apprehension from the way it has come to a standstill that this may be realized as it has no control over the sovereign state that has to pay this amount and there is no way in its control with which it can break the stalemate.

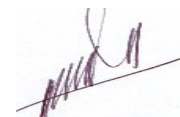
These uncertainties cause significant doubt about the company's ability to continue as a concern.

The reasons for preparing the interim financial information on going concern basis are:

 - The management of the company has no plan and do not see circumstances forcing it to liquidate its assets other than under normal course of business; and
 - continued financial support from directors/related parties.
- The condensed interim financial report of the company for the six months period ended December 31, 2016 has been prepared in accordance with the requirements of the International Accounting Standards 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial report are the same as those applied in the preparation of the financial statements for the year ended June 30, 2016.
- No provision for taxation is made in these accounts. However, the tax liability will be calculated at the end of the year after consideration of assessment completed and the available tax credits.
- Figures in these accounts have been rounded off to the nearest rupee.
- These accounts are authorized by the Board for issue on 23rd February, 2017.



RAUF ALAM
Chief Executive



AFTAB ALAM
Director

Hyderabad: February 23, 2017

CASH FLOW STATEMENT

For the 2nd Quarter ended December 31, 2016

	31-12-2016 RUPEES	31-12-2015 RUPEES
A. CASH FROM OPERATING ACTIVITIES		
Loss before taxation	(399,303)	(431,612)
Depreciation	340,610	378,944
Exchange gain	(1,845)	(57,226)
	338,765	321,718
Operating loss before working capital changes	(60,538)	(109,894)
(Increase) / Decrease in current assets		
Trade debtors	(1,845)	(57,226)
Other receivables	0	102,108
(Decrease) / Increase in current liabilities		
Trade and other payables	(747,314)	(270,000)
	(749,159)	(225,118)
Cash (used in) / generated from operations	(809,697)	(335,012)
Taxes paid	(300)	(997)
Exchange gain	1,845	57,226
	1,545	56,229
Net Cash flow from Operating activities	(808,152)	(278,783)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Capital Expenditure	0	0
	0	0
C. CASH FLOW FROM FINANCING ACTIVITIES		
Short term borrowings	811,000	265,000
	811,000	265,000
Net Increase/(Decrease) in cash and cash equivalents	2,848	(13,783)
Cash and cash equivalent at the beginning of the period	211,173	224,570
Cash and cash equivalent at the end of the period	214,021	210,787



RAUF ALAM
Chief Executive



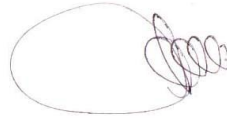
AFTAB ALAM
Director

Hyderabad: February 23, 2017

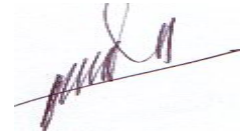
Statement of Changes in Equity

For the 2nd Quarter ended December 31, 2016

	<u>Share Capital</u>	<u>General Reserve</u>	<u>Accumulated (Loss)</u>	<u>Amount in Rupees Total</u>
Balance as on July 1, 2015	20,000,000	53,500,000	(323,971,397)	(250,471,397)
Loss for the half year ended December 31, 2015	0	0	(431,612)	(431,612)
Balance as on December 31, 2015	20,000,000	53,500,000	(324,403,009)	(250,903,009)
Balance as on July 1, 2016	20,000,000	53,500,000	(325,219,384)	(251,719,384)
Loss for the half year ended December 31, 2016	0	0	(399,303)	(399,303)
Balance as on December 31, 2016	20,000,000	53,500,000	(325,618,687)	(252,118,687)



RAUF ALAM
Chief Executive



AFTAB ALAM
Director

Hyderabad: February 23, 2017