

# QUARTERLY REPORT

December 31, 2015



**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 (2<sup>nd</sup> Quarter) Un-Audited Balance Sheet and Profit & Loss Account alongwith the Cash Flow Statement for the period ended December 31, 2015.

During the period under review, Company has no sales due to non availability of export as well as local orders. Company incurred Gross Loss of Rs.0.36 million whereas after Administration expenses of Rs.0.065 million, exchange gain of Rs.0.057 million and Financial and other charges of Rs.0.06 million, Company incurred loss before taxation is Rs.0.43 million. The accumulated losses stand at Rs. 324.40 million. Loss per share is Rs.0.22.

The Pakistan Stock Exchange (PSX) has suspended the trading of shares of the Company and directed to the management of the Company to buy-back the shares from minority shareholders within stipulated time period. The Management of the Company approached to PSX and once again offered price for buy-back of shares to complete the process of de-listing from the exchange.

for and on behalf of the Board



**RAUF ALAM**

Chief Executive

Hyderabad: February 22, 2016

## **AUDITOR'S REVIEW REPORT TO THE MEMBERS**

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of M/s. Fateh Sports Wear Limited as at December 31, 2015 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, 2015 and quarter ended December 31, 2014 have not been reviewed as we are required to review only the cumulative figures for six months period ended December 31, 2015.

### **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 Qualified Conclusion**

The company has not made provision for doubtful balances in other receivables amounting to Rs. 16.04 million out of 18.20 million. Had this provision been made, loss for the period would have increased by Rs. 16.04 million.

### **Qualified Conclusion**

Based on our review, except for the effects of the matter described in preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Without further qualifying our opinion, we draw attention to note no. 2 to the interim financial information, the Company has incurred loss of Rs. 0.43 million. The accumulated loss upto December 31, 2015 is at Rs. 324.40 million, which has resulted in net capital deficiency of Rs. 250.90 million. Further, current liabilities of the Company exceed its current assets by Rs. 265.68 million. These conditions, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

**TANWIR ARIF**  
**TANWIR ARIF & CO.**  
Chartered Accountants.

Hyderabad: February 22, 2016

# BALANCE SHEET

As at December 31, 2015  
(Un-Audited)

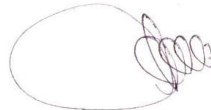
	<u>31-12-2015</u> <u>RUPEES</u>	<u>30-06-2015</u> <u>RUPEES</u>
<b><u>Capital &amp; Liabilities</u></b>		
<b>Authorized Capital</b>		
5,000,000 ordinary shares of Rs. 10/- each	<b>50,000,000</b>	50,000,000
<b>Shareholders' Equity</b>		
Issued, subscribed and paid up share capital	<b>20,000,000</b>	20,000,000
General reserve	<b>53,500,000</b>	53,500,000
Accumulated loss	<b>(324,403,009)</b>	(323,971,397)
	<b>(250,903,009)</b>	(250,471,397)

## **Current Liabilities**

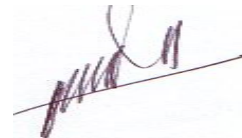
Trade and other payables	<b>18,143,696</b>	18,413,696
Markup accrued on loans	<b>132,380,182</b>	132,380,182
Short term borrowings	<b>143,881,831</b>	143,616,831
Provision for taxation	<b>113,391</b>	113,391
Contingencies and commitments	<b>0</b>	0
	<b>294,519,100</b>	294,524,100
<b>Total</b>	<b>43,616,091</b>	44,052,703

## **Property & Assets**

<b>Operating Fixed Assets</b>	<b>14,780,763</b>	15,159,707
<b>Current Assets</b>		
Store, spare parts and loose tools	<b>0</b>	0
Stock-in-trade	<b>6,134,237</b>	6,134,237
Trade debts	<b>1,955,679</b>	1,898,453
Advances, deposits and prepayments	<b>2,333,485</b>	2,332,488
Other receivables	<b>18,201,140</b>	18,303,248
Cash and bank balances	<b>210,787</b>	224,570
Contingent assets	<b>0</b>	0
	<b>28,835,328</b>	28,892,996
<b>Total</b>	<b>43,616,091</b>	44,052,703



**RAUF ALAM**  
Chief Executive



**AFTAB ALAM**  
Director

Hyderabad: February 22, 2016

# PROFIT AND LOSS ACCOUNT

For the 2nd Quarter ended December 31, 2015

(Un-Audited)

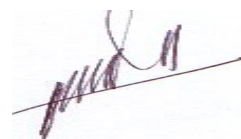
	OCT-DEC 2015 RUPEES	JUL-DEC 2015 RUPEES	OCT-DEC 2014 RUPEES	JUL-DEC 2014 RUPEES
Sales	0	0	4,708,008	22,220,667
Cost of sales	191,598	362,769	2,653,533	20,399,310
<b>Gross (Loss)/Profit</b>	<b>(191,598)</b>	<b>(362,769)</b>	2,054,475	1,821,357
Administration expense	30,799	65,249	1,698,504	1,942,167
Selling Expenses	0	0	102,940	698,603
	30,799	65,249	1,801,444	2,640,770
<b>Operating (Loss)/Profit</b>	<b>(222,397)</b>	<b>(428,018)</b>	253,031	(819,413)
Other Income	0	0	36,924	36,924
Exchange Gain / (Loss)	11,076	57,226	(63,814)	(117,650)
	(211,321)	(370,792)	226,141	(900,139)
Financial expenses	820	820	2,156,715	4,262,468
Other charges	60,000	60,000	34,791	60,000
	60,820	60,820	2,191,506	4,322,468
<b>Loss before Taxation</b>	<b>(272,141)</b>	<b>(431,612)</b>	(1,965,365)	(5,222,607)
Taxation	0	0	0	0
<b>Loss after Taxation</b>	<b>(272,141)</b>	<b>(431,612)</b>	(1,965,365)	(5,222,607)
Other comprehensive income	0	0	0	0
<b>Total Comprehensive Loss for the Period</b>	<b>(272,141)</b>	<b>(431,612)</b>	(1,965,365)	(5,222,607)
Loss per share	(0.14)	(0.22)	(0.98)	(2.61)

## 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 for the reasons that the business activities which were closed since 2003, there are accumulated losses and adverse financial ratio. Since 2011 the company has started and supplying goods to foreign as well as local customers with an aim to secure further orders for commencing the production activities in full swing anew. But due to scarce financial resources the operation were not viable hence the operation are closed from March, 2015. The core reason for non-production and losses was due to stuck up funds with Russian Federation. In the light of current development for recovery of stuck up funds from Russian Government, the Russian Government is offering to Government of Pakistan upto 20% to 25% of their total outstanding claims, for which negotiations are in process. 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. The management will continue to support the company.
- The condensed interim financial report of the company for the six months period ended December 31, 2015 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, 2015.
- 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 22nd February, 2016.



**RAUF ALAM**  
Chief Executive



**AFTAB ALAM**  
Director

Hyderabad: February 22, 2016

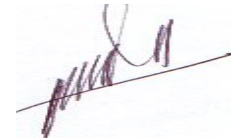
# CASH FLOW STATEMENT

For the 2nd Quarter ended December 31, 2015

	<b>31-12-2015</b> <b>RUPEES</b>	31/12/2014 RUPEES
<b>A. CASH FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(431,612)	(5,222,607)
Depreciation	378,944	421,660
Mark-up / interest expenses	0	4,211,506
Exchange (gain) / loss	(57,226)	117,650
	321,718	4,750,816
Operating loss before working capital changes	(109,894)	(471,791)
 <b>(Increase) / Decrease in current assets</b>		
Stock-in-trade	0	5,707,323
Trade debtors	0	(6,833,724)
Advances, deposits and prepayments	(57,226)	(325,344)
Other receiveables	102,108	0
<b>(Decrease) / Increase in current liabilities</b>		
Trade and other payables	(270,000)	2,590,898
	(225,118)	1,139,153
Cash (used in) / generated from operations	(335,012)	667,362
Taxes paid	(997)	(339,723)
Exchange gain/ (loss)	57,226	(117,650)
	56,229	(457,373)
Net Cash flow from Operating activities	(278,783)	209,989
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed Capital Expenditure	0	0
	0	0
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Short term borrowings	265,000	0
	265,000	0
Net Increase/(Decrease) in cash and cash equivalents	(13,783)	209,989
Cash and cash equivalent at the beginning of the period	224,570	235,907
<b>Cash and cash equivalent at the end of the period</b>	<b>210,787</b>	<b>445,896</b>



**RAUF ALAM**  
Chief Executive



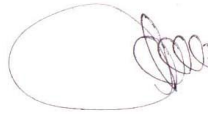
**AFTAB ALAM**  
Director

Hyderabad: February 22, 2016

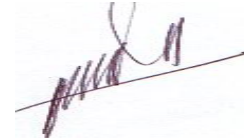
# Statement of Changes in Equity

For the 2nd Quarter ended December 31, 2015

	<u>Amount in Rupees</u>			
	<u>Share Capital</u>	<u>General Reserve</u>	<u>Accumulated (Loss)</u>	<u>Total</u>
<b>Balance as on July 1, 2014</b>	<b>20,000,000</b>	<b>53,500,000</b>	<b>(316,255,270)</b>	<b>(242,755,270)</b>
Loss for the half year ended December 31, 2014	0	0	(5,222,607)	(5,222,607)
<b>Balance as on December 31, 2014</b>	<b>20,000,000</b>	<b>53,500,000</b>	<b>(321,477,877)</b>	<b>(247,977,877)</b>
<b>Balance as on July 1, 2015</b>	<b>20,000,000</b>	<b>53,500,000</b>	<b>(323,971,397)</b>	<b>(250,471,397)</b>
Loss for the half year ended December 31, 2015	0	0	(431,612)	(431,612)
<b>Balance as on December 31, 2015</b>	<b>20,000,000</b>	<b>53,500,000</b>	<b>(324,403,009)</b>	<b>(250,903,009)</b>



**RAUF ALAM**  
Chief Executive



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Director

Hyderabad: February 22, 2016