



**QUARTERLY
REPORT**

December 31, 2013

Fateh Industries Limited

442 Mirpurkhas Road, Hyderabad Pakistan

Fateh Industries 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, 2013.

The Company has achieved sales of Rs. 34.42 million whereas earned Gross Profit of Rs.4.14 million in the half year under review. After Administration and Selling expenses, company incurred Operating Profit of Rs.0.06 million. After Financial and other charges, company incurred loss of Rs. 1.60 million. The Board of Directors decided reversal of provision of doubtful debts amounting to Rs.53.05 million resulting Profit before taxation is Rs. 51.44 million. The accumulated losses are stand at Rs. 273.02 million. Earning per share is Rs.25.72.

The Management of the Company has applied for delisting of the Company from Karachi Stock Exchange, for which formal application has been submitted to the Exchange in November, 2013. The application is still under process with the Exchange.

for and on behalf of the Board



SAEED ALAM
Chief Executive

Hyderabad: February 24, 2014

AUDITOR'S REVIEW REPORT TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim balance sheet of M/s. Fateh Industries Limited as at December 31, 2013 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.

Scope of Review

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

- 1 As discussed in note 2 to the interim financial information, the Company has earned profit of Rs. 51.45 million. The accumulated loss upto December 31, 2013 is at Rs. 273.029 million, which has resulted in net capital deficiency of Rs. 252.521 million. The current liabilities exceeded current assets by Rs. 275.514 million thereby leaving an adverse current ratio of 0.08:1. 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.

Qualified Conclusion

Based on our review, except for the effects of the matters 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.

HAFIZULLAH & CO.

Chartered Accountants.

Engagement Partner: Syed Hafizullah

Hyderabad: February 24, 2014

BALANCE SHEET

As at December 31, 2013
(Un-Audited)

	<u>31-12-2013</u> <u>RUPEES</u>	<u>30-06-2013</u> <u>RUPEES</u>
<u>Capital & Liabilities</u>		
Authorized Capital		
10,000,000 ordinary shares of Rs. 10/- each	100,000,000	100,000,000
Shareholders' Equity		
Issued, subscribed and paid up share capital	20,000,000	20,000,000
Investment revaluation reserve	508,188	306,518
Unappropriated loss	(273,028,791)	(324,477,168)
	(252,520,603)	(304,170,650)
Current Liabilities		
Trade and others payables	107,048,142	115,328,650
Short term running finances	191,147,429	231,160,083
Provision for taxation	4,436	4,436
Contingencies and commitments	0	0
	298,200,007	346,493,169
Total	45,679,404	42,322,519
<u>Property & Assets</u>		
Operating Fixed Assets	22,467,770	23,212,377
Long Term Investments	525,753	324,084
Current Assets		
Stores, spare parts and loose tools	0	0
Stock-in-trade	7,900,858	6,892,381
Trade debts	9,136,628	6,462,402
Advances, deposits and prepayments	1,324,049	579,528
Other receivables	4,161,818	4,161,818
Cash and bank balance	162,528	689,929
Contingent assets	0	0
	22,685,881	18,786,058
	45,679,404	42,322,519



SAEED ALAM
Chief Executive



RAUF ALAM
Director

Hyderabad: February 24, 2014

PROFIT AND LOSS ACCOUNT

For the 2nd Quarter ended December 31, 2013

(Un-Audited)

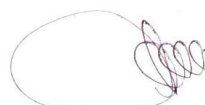
	OCT-DEC 2013 RUPEES	JUL-DEC 2013 RUPEES	OCT-DEC 2012 RUPEES	JUL-DEC 2012 RUPEES
Sales	26,368,654	34,429,259	1,249,828	3,698,291
Cost of sales	21,916,489	30,281,309	921,747	3,199,985
Gross Profit	4,452,165	4,147,950	328,081	498,306
Administration expense	1,541,749	2,632,341	418,437	962,696
Selling Expenses	821,259	1,447,583	203,740	802,344
	2,363,008	4,079,924	622,177	1,765,040
Operating Profit/(Loss)	2,089,157	68,026	(294,096)	(1,266,734)
Other Income	10,339	10,339	0	0
Exchange Gain	(1,540,686)	(1,540,686)	2,198,333	2,429,058
	558,810	(1,462,321)	1,904,237	1,162,324
Financial expenses	90,333	105,956	22,893	64,871
Other Charges	40,000	40,000	16,000	16,000
	130,333	145,956	38,893	80,871
	428,477	(1,608,277)	1,865,344	1,081,453
Less: Reversal of provision against doubtful debts	53,056,654	53,056,654	0	0
Profit before Taxation	53,485,131	51,448,377	1,865,344	1,081,453
Taxation	0	0	0	0
Profit after Taxation	53,485,131	51,448,377	1,865,344	1,081,453
Other comprehensive income				
Unrealized gain on revaluation of investment - available for sale	210,755	201,670	51,509	104,145
Total Comprehensive income for the Period	53,695,886	51,650,047	1,916,853	1,185,598
Earning per share	26.74	25.72	0.93	0.54

Notes:

1. Fateh Industries Limited is incorporated in Pakistan as a public limited company and is listed on the Karachi Stock Exchange. The Company is engaged mainly in the manufacturing and sale of footwear of all kinds. The Company has filed application for de-listing of Company from Karachi Stock Exchange in November, 2013. The application is in the process with the Exchange.
2. These financial statements have been prepared on going concern basis, despite the fact that the business activities which were closed since 2000, 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. The core reason for non-production and losses was due to stuck up funds with Russian Federation. The Government of Pakistan and Russia are negotiating the matter of stuck up funds at highest level and hopefully will be resolved soon. 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.
3. The condensed interim financial report of the company for the six months period ended December 31, 2013 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.
4. 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, 2013.
5. 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.
6. Figures in these accounts have been rounded off to the nearest rupee.
7. These accounts are authorized by the Board for issue on 24th February, 2014.



SAEED ALAM
Chief Executive



RAUF ALAM
Director

Hyderabad: February 24, 2014

CASH FLOW STATEMENT

For the 2nd Quarter ended December 31, 2013

	31-12-2013 RUPEES	31-12-2012 RUPEES
A. CASH FROM OPERATING ACTIVITIES		
Profit before taxation	51,448,377	1,081,453
Adjustment for :		
Depreciation	994,607	1,094,944
Other Income	(10,339)	0
Exchange gain	(1,540,686)	(2,429,058)
	(556,418)	(1,334,114)
Operating Profit/(loss) before working capital	50,891,959	(252,661)
(Increase) / decrease in current assets		
Stock-in-trade	(1,008,477)	(700,630)
Trade debtors	(2,674,226)	(2,729,707)
Advances, deposits and pre-payments	249,918	0
(Decrease) / Increase in current liabilities		
Trade and other payables	(8,280,509)	8,961,734
	(11,713,294)	5,531,397
Cash (used in) /generated from operations	39,178,666	5,278,736
Taxes paid	(994,438)	(49,602)
Exchange gain	1,540,686	2,429,058
	546,248	2,379,456
Net cash flow from Operating Activities	39,724,914	7,658,192
B. CASH FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(250,000)	70,000
Dividend income	10,339	0
	(239,661)	70,000
C. CASH FROM FINANCING ACTIVITIES		
Short term borrowings	(40,012,654)	0
Net Increase/(Decrease) cash and cash equivalents	(527,401)	7,588,192
Cash and equivalent at the beginning	689,929	59,230
Cash and equivalent at the end	162,528	7,647,422



SAEED ALAM

Chief Executive



RAUF ALAM

Director

Hyderabad: February 24, 2014

Statement of Changes in Equity

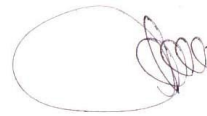
For the 2nd Quarter ended December 31, 2013

Amount in Rupees.

	Share Capital	Surplus on Revaluation of Investment	Accumulated (Loss)	Total
Balance as on July 1, 2012	20,000,000	118,664	(212,388,503)	(192,269,839)
Profit for the half year ended December 31, 2012	0	0	1,081,453	1,081,453
Unrealized gain on revaluation of investment	0	104,145	0	104,145
Balance as on December 31, 2012	20,000,000	222,809	(211,307,050)	(191,084,241)
Balance as on July 1, 2013	20,000,000	306,518	(324,477,168)	(304,170,650)
Profit for the half year ended December 31, 2013	0	0	51,448,377	51,448,377
Unrealized gain on revaluation of investment	0	201,670	0	201,670
Balance as on December 31, 2013	20,000,000	508,188	(273,028,791)	(252,520,603)



SAEED ALAM
Chief Executive



RAUF ALAM
Director

Hyderabad: February 24, 2014