



QUARTERLY REPORT

December 31, 2014

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, 2014.

The Company has achieved sales of Rs. 28.94 million whereas earned Gross Profit of Rs.3.56 million in the half year under review. After Administration and Selling expenses, company incurred Operating Loss of Rs.0.42 million. Company earned exchange gain of Rs. 1.83 million. After Financial and other charges, Company earned profit before taxation of Rs. 1.32 million. The accumulated losses are stand at Rs. 240.46 million. Earning per share is Rs.0.66.

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 23, 2015

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, 2014 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

The company was incurring continuous losses since last few years and has accumulated losses of Rs. 240.46 million including profit of Rs. 1.32 million earned during the current period. The negative equity of the company on the balance sheet date stands at Rs. 219.78 million. The current liabilities exceed current assets by Rs. 241.66 million thereby leaving an adverse current ratio of 0.10:1. These factors indicate the existence of material uncertainty, cast significant doubt about the company's ability to continue as a going concern. In spite of these factors the financial statements have been prepared on going concern assumption by the management of the company for the reasons as disclosed in note no. 2 to the financial statements. The core reason for the same is continued financial support from the directors/family members.

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.

TANWIR ARIF
TANWIR ARIF & CO.
Chartered Accountants.

Hyderabad: February 23, 2015

BALANCE SHEET

As at December 31, 2014
(Un-Audited)

	<u>31-12-2014</u> <u>RUPEES</u>	<u>30-06-2014</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	682,147	571,969
Unappropriated loss	(240,459,645)	(241,778,263)
	(219,777,498)	(221,206,294)
Current Liabilities		
Trade and others payables	95,519,888	95,429,340
Short term running finances	173,013,981	173,013,981
Provision for taxation	0	0
Contingencies and commitments	0	0
	268,533,869	268,443,321
Total	48,756,371	47,237,027
<u>Property & Assets</u>		
Operating Fixed Assets	21,185,219	22,112,163
Long Term Investments	699,713	589,535
Current Assets		
Stores, spare parts and loose tools	0	0
Stock-in-trade	20,592,794	17,038,320
Trade debts	533,618	135,138
Advances, deposits and prepayments	1,031,516	680,582
Other receivables	4,161,818	4,161,818
Cash and bank balances	551,693	2,519,471
Contingent assets	0	0
	26,871,439	24,535,329
	48,756,371	47,237,027

Hyderabad: February 23, 2015



SAEED ALAM
Chief Executive



RAUF ALAM
Director

PROFIT AND LOSS ACCOUNT

For the 2nd Quarter ended December 31, 2014

(Un-Audited)

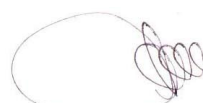
	OCT-DEC 2014 RUPEES	JUL-DEC 2014 RUPEES	OCT-DEC 2013 RUPEES	JUL-DEC 2013 RUPEES
Sales	23,383,531	28,939,755	26,368,654	34,429,259
Cost of sales	19,387,425	25,374,160	21,916,489	30,281,309
Gross Profit	3,996,106	3,565,595	4,452,165	4,147,950
Administration expense	1,553,909	2,786,187	1,541,749	2,632,341
Selling Expenses	691,343	1,200,648	821,259	1,447,583
	2,245,252	3,986,835	2,363,008	4,079,924
Operating Profit/(Loss)	1,750,854	(421,240)	2,089,157	68,026
Other Income	1,305	1,305	10,339	10,339
Exchange Gain / (Loss)	1,410,354	1,833,433	(1,540,686)	(1,540,686)
	3,162,513	1,413,498	558,810	(1,462,321)
Financial expenses	30,377	34,880	90,333	105,956
Other Charges	60,000	60,000	40,000	40,000
	90,377	94,880	130,333	145,956
	3,072,136	1,318,618	428,477	(1,608,277)
Less: Reversal of provision against doubtful debts	0	0	53,056,654	53,056,654
Profit before Taxation	3,072,136	1,318,618	53,485,131	51,448,377
Taxation	0	0	0	0
Profit after Taxation	3,072,136	1,318,618	53,485,131	51,448,377
Other comprehensive income				
Unrealized gain on revaluation of investment - available for sale	81,005	110,178	210,755	201,670
Total Comprehensive income for the Period	3,153,141	1,428,796	53,695,886	51,650,047
Earning per share	1.54	0.66	26.74	25.72

Notes:

- 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.
- 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.
- The condensed interim financial report of the company for the six months period ended December 31, 2014 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, 2014.
- 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, 2015.



SAEED ALAM
Chief Executive



RAUF ALAM
Director

Hyderabad: February 23, 2015

CASH FLOW STATEMENT
For the 2nd Quarter ended December 31, 2014

	31-12-2014 RUPEES	31-12-2013 RUPEES
A. CASH FROM OPERATING ACTIVITIES		
Profit before taxation	1,318,618	51,448,377
Adjustment for :		
Depreciation	926,945	994,607
Other Income	(1,305)	(10,339)
Exchange gain / (loss)	(1,833,433)	1,540,686
	(907,793)	(556,418)
Operating Profit/(loss) before working capital	410,825	50,891,959
(Increase) / decrease in current assets		
Stock-in-trade	(3,554,474)	(1,008,477)
Trade debtors	(398,480)	(2,674,226)
Advances, deposits and pre-payments	(292,000)	249,918
(Decrease) / Increase in current liabilities		
Trade and other payables	90,548	(8,280,509)
	(4,154,406)	(11,713,294)
Cash (used in) /generated from operations	(3,743,581)	39,178,666
Taxes paid	(58,934)	(994,438)
Exchange gain / (loss)	1,833,433	(1,540,686)
	1,774,498	546,248
Net cash flow from Operating Activities	(1,969,083)	39,724,914
B. CASH FROM INVESTING ACTIVITIES		
Fixed capital expenditure	-	(250,000)
Dividend income	1,305	10,339
	1,305	(239,661)
C. CASH FROM FINANCING ACTIVITIES		
Short term borrowings	0	(40,012,654)
Net Increase/(Decrease) cash and cash equivalents	(1,967,778)	(527,401)
Cash and equivalent at the beginning of the period	2,519,471	689,929
Cash and equivalent at the end of the period	551,693	162,528



SAEED ALAM

Chief Executive



RAUF ALAM

Director

Hyderabad: February 23, 2015

Statement of Changes in Equity

For the 2nd Quarter ended December 31, 2014

Amount in Rupees.

	Share Capital	Surplus on Revaluation of Investment	Accumulated (Loss)	Total
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)
Balance as on July 1, 2014	20,000,000	571,969	(241,778,263)	(221,206,294)
Profit for the half year ended December 31, 2014	0	0	1,318,618	1,318,618
Unrealized gain on revaluation of investment	0	110,178	0	110,178
Balance as on December 31, 2014	20,000,000	682,147	(240,459,645)	(219,777,498)



SAEED ALAM
Chief Executive



RAUF ALAM
Director

Hyderabad: February 23, 2015