



QUARTERLY REPORT

December 31, 2015

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, 2015.

The Company has achieved sales of Rs.56.71 million whereas earned Gross Profit of Rs.2.80 million in the half year under review. After Administration and Selling expenses of Rs.7.38 million, Company incurred Operating Loss of Rs.4.58 million. After exchange loss of Rs. 0.67 million, Financial and Other charges of Rs.0.32 million, Company incurred loss before taxation of Rs. 5.56 million. The accumulated losses are stand at Rs. 252.94 million. Loss per share is Rs.2.78.

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



SAEED 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 Industries 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. 2.92 million out of 4.16 million. Had this provision been made, loss for the period would have increased by Rs. 2.92 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. 5.56 million. The accumulated loss upto December 31, 2015 is at Rs. 252.94 million, which has resulted in net capital deficiency of Rs. 232.31 million. Further, current liabilities of the Company exceed its current assets by Rs. 255.64 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

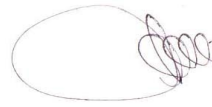
BALANCE SHEET

As at December 31, 2015
(Un-Audited)

	<u>31-12-2015</u> <u>RUPEES</u>	<u>30-06-2015</u> <u>RUPEES</u>
Capital & Liabilities		
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	628,836	702,363
Accumulated loss	(252,940,773)	(247,377,547)
	(232,311,937)	(226,675,184)
Current Liabilities		
Trade and others payables	120,550,849	110,084,121
Short term running finances	173,013,981	173,013,981
Provision for taxation	0	0
Contingencies and commitments	0	0
	293,564,830	283,098,102
Total	61,252,893	56,422,918
Property & Assets		
Operating Fixed Assets	22,680,773	23,805,474
Long Term Investments	646,402	719,929
Current Assets		
Stores, spare parts and loose tools	0	0
Stock-in-trade	20,233,665	15,159,486
Trade debts	5,507,874	809,699
Advances, deposits and prepayments	6,976,054	5,977,108
Other receivables	4,161,818	4,161,818
Cash and bank balances	1,046,307	5,789,404
Contingent assets	0	0
	37,925,718	31,897,515
	61,252,893	56,422,918



SAEED ALAM
Chief Executive



RAUF ALAM
Director

Hyderabad: February 22, 2016

PROFIT AND LOSS ACCOUNT

For the 2nd Quarter ended December 31, 2015

(Un-Audited)

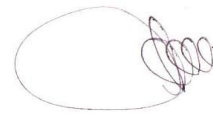
	OCT-DEC 2015 RUPEES	JUL-DEC 2015 RUPEES	OCT-DEC 2014 RUPEES	JUL-DEC 2014 RUPEES
Sales	35,857,234	56,707,914	23,383,531	28,939,755
Cost of sales	33,677,447	53,902,911	19,387,425	25,374,160
Gross Profit	2,179,787	2,805,003	3,996,106	3,565,595
Administration expense	2,351,087	5,392,672	1,553,909	2,786,187
Selling Expenses	932,044	1,988,803	691,343	1,200,648
	3,283,131	7,381,475	2,245,252	3,986,835
Operating (Loss) / Profit	(1,103,344)	(4,576,472)	1,750,854	(421,240)
Other Income	8,726	8,726	1,305	1,305
Exchange Gain / (Loss)	320,704	(671,086)	1,410,354	1,833,433
	(773,914)	(5,238,832)	3,162,513	1,413,498
Financial expenses	150,211	264,394	30,377	34,880
Other Charges	60,000	60,000	60,000	60,000
	210,211	324,394	90,377	94,880
(Loss)/Profit before Taxation	(984,125)	(5,563,226)	3,072,136	1,318,618
Taxation	0	0	0	0
(Loss)/Profit after Taxation	(984,125)	(5,563,226)	3,072,136	1,318,618
Other comprehensive income				
Unrealized (loss)/gain on revaluation of investment - available for sale	29,033	(73,527)	81,005	110,178
Total Comprehensive (Loss)/				
Income for the Period	(955,092)	(5,636,753)	3,153,141	1,428,796
(Loss)/Earning per share	(0.49)	(2.78)	1.54	0.66

Notes:

- Fateh Industries 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 sale of footwear of all kinds.
- These financial statements have been prepared on going concern basis for the reason 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. 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.



SAEED ALAM
Chief Executive



RAUF ALAM
Director

Hyderabad: February 22, 2016

CASH FLOW STATEMENT
For the 2nd Quarter ended December 31, 2015

	31-12-2015 RUPEES	31-12-2014 RUPEES
A. CASH FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(5,563,226)	1,318,618
Depreciation	1,124,701	926,945
Other Income	(8,726)	(1,305)
Exchange loss (gain)	671,086	(1,833,433)
	1,787,061	(907,793)
Operating (loss) / Profit before working capital	(3,776,165)	410,825
(Increase) / decrease in current assets		
Stock-in-trade	(5,074,179)	(3,554,474)
Trade debtors	(4,698,175)	(398,480)
Advances, deposits and pre-payments	(29,999)	(292,000)
(Decrease) / Increase in current liabilities		
Trade and other payables	10,466,728	90,548
	664,375	(4,154,406)
Cash (used in) /generated from operations	(3,111,790)	(3,743,581)
Taxes paid	(968,947)	(58,934)
Exchange (loss) / gain	(671,086)	1,833,433
	(1,640,033)	1,774,498
Net cash flow from Operating Activities	(4,751,823)	(1,969,083)
B. CASH FROM INVESTING ACTIVITIES		
Fixed capital expenditure	-	-
Dividend received	8,726	1,305
	8,726	1,305
C. CASH FROM FINANCING ACTIVITIES		
Short term borrowings	0	0
Net Increase/(Decrease) cash and cash equivalents	(4,743,097)	(1,967,778)
Cash and equivalent at the beginning of the period	5,789,404	2,519,471
Cash and equivalent at the end of the period	1,046,307	551,693



SAEED ALAM
Chief Executive



RAUF ALAM
Director

Hyderabad: February 22, 2016

Statement of Changes in Equity

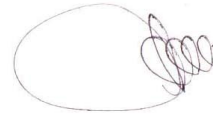
For the 2nd Quarter ended December 31, 2015

Amount in Rupees.

	<u>Share Capital</u>	<u>Surplus on Revaluation of Investment</u>	<u>Accumulated (Loss)</u>	<u>Total</u>
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)
Balance as on July 1, 2015	20,000,000	702,363	(247,377,547)	(226,675,184)
Loss for the half year ended December 31, 2015	0	0	(5,563,226)	(5,563,226)
Unrealized loss on revaluation of investment	0	(73,527)	0	(73,527)
Balance as on December 31, 2015	20,000,000	628,836	(252,940,773)	(232,311,937)



SAEED ALAM
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Hyderabad: February 22, 2016