

# QUARTERLY REPORT

December 31, 2013



**Fateh  
Sports Wear  
Limited**

Mirpurkhas Road, Hyderabad, Pakistan

# Fateh Sports Wear Limited

442, Mirpurkhas Road, Hyderabad

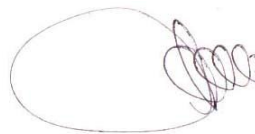
## BOARD'S REVIEW TO THE SHAREHOLDERS

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, 2013.

The Company has achieved sales of Rs. 25.21 million whereas earned Gross Profit of Rs.4.15 million in the half year under review. After Administration and Selling expenses, company incurred Operating Loss at Rs.2.54 million. After Financial and other charges, company incurred loss of Rs. 10.20 million. The Board of Directors decided reversal of provision of doubtful debts amounting to Rs.47.95 million resulting Profit before taxation is Rs. 37.74 million. The accumulated losses are stand at Rs. 431.28 million. Earning per share is Rs.18.87.

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



**RAUF 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 Sports Wear 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**

As discussed in note 2 to the financial information, the Company has earned profit of Rs. 37.75 million. The accumulated loss upto December 31, 2013 is at Rs. 431.283 million, which has resulted in net capital deficiency of Rs. 357.783 million. The current liabilities exceeded current assets by Rs. 374.256 million thereby leaving an adverse current ratio of 0.09:1. 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>
<b><u>Capital &amp; Liabilities</u></b>		
<b>Authorized Capital</b>		
5,000,000 ordinary shares of Rs. 10/- each	<u>50,000,000</u>	<u>50,000,000</u>
<b>Shareholders' Equity</b>		
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>(431,283,413)</u>	(469,032,687)
	<u>(357,783,413)</u>	(395,532,687)
<b>Current Liabilities</b>		
Trade and others	<u>28,939,785</u>	45,449,290
Markup accrued on loan	<u>196,865,592</u>	189,165,806
Short term running finance	<u>184,608,338</u>	207,563,231
Provision for taxation	<u>109,320</u>	109,320
Contingencies and commitments	<u>0</u>	0
	<u>410,523,035</u>	442,287,647
<b>Total</b>	<u><u>52,739,622</u></u>	<u><u>46,754,960</u></u>
<b><u>Property &amp; Assets</u></b>		
<b>Operating Fixed Assets</b>		
	<u>16,472,308</u>	16,867,285
<b>Current Assets</b>		
Stores, spare parts and loose tools	<u>0</u>	0
Stock-in-trade	<u>6,612,174</u>	10,825,521
Trade debts	<u>8,852,975</u>	5,892
Advances, deposits and prepayments	<u>2,666,348</u>	1,693,729
Other receivables	<u>17,121,375</u>	17,121,375
Cash and bank balances	<u>1,014,442</u>	241,158
Contingent assets	<u>0</u>	0
	<u>36,267,314</u>	29,887,675
<b>Total</b>	<u><u>52,739,622</u></u>	<u><u>46,754,960</u></u>

Hyderabad: February 24, 2014



**RAUF ALAM**  
Chief Executive



**AFTAB ALAM**  
Director

# 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	11,633,753	25,214,717	1,719,862	3,180,007
Cost of sales	7,475,013	24,673,321	1,291,717	3,359,865
<b>Gross Profit/(Loss)</b>	<b>4,158,740</b>	<b>541,396</b>	428,145	(179,858)
Administration expense	1,627,970	2,672,342	449,869	736,114
Selling Expenses	161,202	419,010	0	0
	1,789,172	3,091,352	449,869	736,114
<b>Operating Profit/(Loss)</b>	<b>2,369,568</b>	<b>(2,549,956)</b>	(21,724)	(915,972)
Exchange Gain	217,618	217,618	8,115,171	8,943,375
	2,587,186	(2,332,338)	8,093,447	8,027,403
Financial expenses	3,983,388	7,833,281	4,582,028	9,435,731
Other charges	6,377	40,000	16,000	16,000
	3,989,765	7,873,281	4,598,028	9,451,731
	(1,402,579)	(10,205,619)	3,495,419	(1,424,328)
Less: Reversal of provision against doubtful debts	47,954,893	47,954,893	0	0
<b>Profit/(Loss) before Taxation</b>	<b>46,552,314</b>	<b>37,749,274</b>	3,495,419	(1,424,328)
Taxation	0	0	0	0
<b>Profit/(Loss) after Taxation</b>	<b>46,552,314</b>	<b>37,749,274</b>	3,495,419	(1,424,328)
Other comprehensive income	0	0	0	0
<b>Total Comprehensive Income / (Loss) for the Period</b>	<b>46,552,314</b>	<b>37,749,274</b>	3,495,419	(1,424,328)
Earning /(Loss) per share	23.28	18.87	1.75	(0.71)

## Notes:

- Fateh Sports Wear 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 export of ready-made garments. 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 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. 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, 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.
- 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.
- 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 24th February, 2014.



**RAUF ALAM**  
Chief Executive



**AFTAB ALAM**  
Director

Hyderabad: February 24, 2014

# CASH FLOW STATEMENT

For the 2nd Quarter ended December 31, 2013

	<b>31-12-2013</b> <b>RUPEES</b>	31-12-2012 RUPEES
<b>A. CASH FROM OPERATING ACTIVITIES</b>		
Net Profit /(Loss) before taxation	37,749,274	(1,424,328)
Adjustment for :		
Depreciation	469,277	518,247
Mark-up / interest expenses	7,699,786	9,203,897
Exchange gain	(217,618)	(8,943,375)
	7,951,445	778,769
Operating loss before working capital changes	45,700,719	(645,559)
<b>(Increase) / Decrease in current assets</b>		
Stock-in-trade	4,213,347	0
Trade debts	(8,847,084)	(6,028,514)
Advances, deposits and prepayments	(152)	0
<b>(Decrease) / Increase in current liabilities</b>		
Trade and other payables	(16,509,505)	(1,479,163)
	(21,143,394)	(7,507,677)
Cash (used in) / generated from operation	24,557,325	(8,153,236)
Taxes paid	(972,466)	(221,003)
Exchange gain	217,618	8,943,375
	(754,848)	8,722,372
Net Cash flow from Operating activities	23,802,477	569,136
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed Capital Expenditure	(74,300)	0
	(74,300)	0
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Short term borrowings	(22,954,893)	0
	(22,954,893)	0
Net Increase/(Decrease) in cash and cash equivalents	773,284	569,136
Cash and cash equivalent at the beginning	241,158	52,769
<b>Cash and cash equivalent at the end</b>	<b>1,014,442</b>	<b>621,905</b>

Hyderabad: February 24, 2014



**RAUF ALAM**  
Chief Executive

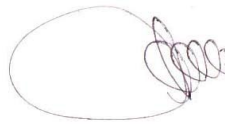


**AFTAB ALAM**  
Director

# Statement of Changes in Equity

## For the 2nd Quarter ended December 31, 2013

	Amount in Rupees			
	<b>Share Capital</b>	<b>General Reserve</b>	<b>Accumulated (Loss)</b>	<b>Total</b>
<b>Balance as on July 1, 2012</b>	<b>20,000,000</b>	<b>53,500,000</b>	<b>(149,603,134)</b>	<b>(76,103,134)</b>
Loss for the half year ended December 31, 2012	0	0	(1,424,328)	(1,424,328)
<b>Balance as on December 31, 2012</b>	<b>20,000,000</b>	<b>53,500,000</b>	<b>(151,027,462)</b>	<b>(77,527,462)</b>
<b>Balance as on July 1, 2013</b>	<b>20,000,000</b>	<b>53,500,000</b>	<b>(469,032,687)</b>	<b>(395,532,687)</b>
Loss for the half year ended December 31, 2013	0	0	37,749,274	37,749,274
<b>Balance as on December 31, 2013</b>	<b>20,000,000</b>	<b>53,500,000</b>	<b>(431,283,413)</b>	<b>(357,783,413)</b>



**RAUF ALAM**  
Chief Executive



**AFTAB ALAM**  
Director

Hyderabad: February 24, 2014