

# QUARTERLY REPORT

December 31, 2014



**Fateh  
Sports Wear  
Limited**

Mirpurkhas Road, Hyderabad, Pakistan

# Fateh Sports Wear Limited

442, Mirpurkhas Road, Hyderabad

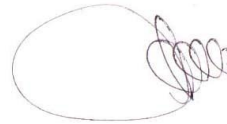
## BOARD'S REVIEW TO THE SHAREHOLDERS

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, 2014.

The Company has achieved sales of Rs. 22.22 million whereas earned Gross Profit of Rs.1.82 million in the half year under review. After Administration and Selling expenses, Company incurred Operating Loss at Rs.0.82 million. After Financial and other charges, Company incurred loss before taxation is Rs. 5.22 million. The accumulated losses are stand at Rs. 321.48 million. Loss per share is Rs.2.61.

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 23, 2015

## **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, 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. 321.48 million including loss of Rs. 5.22 million incurred during the current period. The negative equity of the company on the balance sheet date stands at Rs. 247.98 million. The current liabilities exceed current assets by Rs. 263.56 million thereby leaving an adverse current ratio of 0.12:1. 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.

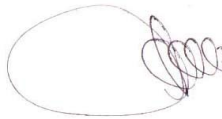
Hyderabad: February 23, 2015

# 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>
<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>(321,477,877)</u>	(316,255,270)
	<u>(247,977,877)</u>	(242,755,270)
<b>Current Liabilities</b>		
Trade and other payables	<u>20,237,822</u>	17,646,924
Markup accrued on loans	<u>136,591,688</u>	132,380,182
Short term borrowings	<u>141,486,831</u>	141,486,831
Provision for taxation	<u>113,391</u>	113,391
Contingencies and commitments	<u>0</u>	0
	<u>298,429,732</u>	291,627,328
<b>Total</b>	<u><u>50,451,855</u></u>	<u><u>48,872,058</u></u>
<b><u>Property &amp; Assets</u></b>		
<b>Operating Fixed Assets</b>		
	<u>15,581,371</u>	16,003,031
<b>Current Assets</b>		
Stores, spare parts and loose tools	<u>0</u>	0
Stock-in-trade	<u>6,106,887</u>	11,814,210
Trade debts	<u>8,795,478</u>	1,961,754
Advances, deposits and prepayments	<u>2,400,848</u>	1,735,781
Other receivables	<u>17,121,375</u>	17,121,375
Cash and bank balances	<u>445,896</u>	235,907
Contingent assets	<u>0</u>	0
	<u>34,870,484</u>	32,869,027
<b>Total</b>	<u><u>50,451,855</u></u>	<u><u>48,872,058</u></u>

Hyderabad: February 23, 2015



**RAUF ALAM**  
Chief Executive



**AFTAB 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	4,708,008	22,220,667	11,633,753	25,214,717
Cost of sales	2,653,533	20,399,310	7,475,013	24,673,321
<b>Gross Profit</b>	<b>2,054,475</b>	<b>1,821,357</b>	4,158,740	541,396
Administration expense	1,698,504	1,942,167	1,627,970	2,672,342
Selling Expenses	102,940	698,603	161,202	419,010
	1,801,444	2,640,770	1,789,172	3,091,352
<b>Operating Profit/(Loss)</b>	<b>253,031</b>	<b>(819,413)</b>	2,369,568	(2,549,956)
Other Income	36,924	36,924	0	0
Exchange (Loss) / Gain	(63,814)	(117,650)	217,618	217,618
	226,141	(900,139)	2,587,186	(2,332,338)
Financial expenses	2,156,715	4,262,468	3,983,388	7,833,281
Other charges	34,791	60,000	6,377	40,000
	2,191,506	4,322,468	3,989,765	7,873,281
	(1,965,365)	(5,222,607)	(1,402,579)	(10,205,619)
Less: Reversal of provision against doubtful debts	0	0	47,954,893	47,954,893
<b>(Loss) / Profit before Taxation</b>	<b>(1,965,365)</b>	<b>(5,222,607)</b>	46,552,314	37,749,274
Taxation	0	0	0	0
<b>(Loss) / Profit after Taxation</b>	<b>(1,965,365)</b>	<b>(5,222,607)</b>	46,552,314	37,749,274
Other comprehensive income	0	0	0	0
<b>Total Comprehensive (Loss) / Income for the Period</b>	<b>(1,965,365)</b>	<b>(5,222,607)</b>	46,552,314	37,749,274
(Loss) / Earning per share	(0.98)	(2.61)	23.28	18.87

## Notes:

1. 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.
2. 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.
3. 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.
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, 2014.
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 23rd February, 2015.



**RAUF ALAM**  
Chief Executive



**AFTAB ALAM**  
Director

Hyderabad: February 23, 2015

# CASH FLOW STATEMENT

For the 2nd Quarter ended December 31, 2014

	<b>31-12-2014</b>	31-12-2013
	<b>RUPEES</b>	RUPEES
<b>A. CASH FROM OPERATING ACTIVITIES</b>		
(Loss) / Profit before taxation	<b>(5,222,607)</b>	37,749,274
Adjustment for :		
Depreciation	<b>421,660</b>	469,277
Mark-up / interest expenses	<b>4,211,506</b>	7,699,786
Exchange gain/ (loss)	<b>117,650</b>	(217,618)
	<b>4,750,816</b>	7,951,445
Operating loss before working capital changes	<b>(471,791)</b>	45,700,719
<b>(Increase) / Decrease in current assets</b>		
Stock-in-trade	<b>5,707,323</b>	4,213,347
Trade debtors	<b>(6,833,724)</b>	(8,847,084)
Advances, deposits and prepayments	<b>(325,344)</b>	(152)
<b>(Decrease) / Increase in current liabilities</b>		
Trade and other payables	<b>2,590,898</b>	(16,509,505)
	<b>1,139,153</b>	(21,143,394)
Cash (used in) / generated from operations	<b>667,362</b>	24,557,325
Taxes paid	<b>(339,723)</b>	(972,466)
Exchange gain/ (loss)	<b>(117,650)</b>	217,618
	<b>(457,373)</b>	(754,848)
Net Cash flow from Operating activities	<b>209,989</b>	23,802,477
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed Capital Expenditure	<b>0</b>	(74,300)
	<b>0</b>	(74,300)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Short term borrowings	<b>0</b>	<b>(22,954,893)</b>
	<b>0</b>	(22,954,893)
Net Increase/(Decrease) in cash and cash equivalents	<b>209,989</b>	773,284
Cash and cash equivalent at the beginning of the period	<b>235,907</b>	241,158
<b>Cash and cash equivalent at the end of the period</b>	<b>445,896</b>	1,014,442



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Chief Executive



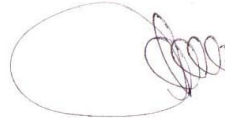
**AFTAB ALAM**  
Director

Hyderabad: February 23, 2015

# Statement of Changes in Equity

For the 2nd Quarter ended December 31, 2014

	Amount in Rupees			
	Share Capital	General Reserve	Accumulated (Loss)	Total
<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>
Profit 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>
<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>



**RAUF ALAM**  
Chief Executive



**AFTAB ALAM**  
Director

Hyderabad: February 23, 2015