



**Condensed Interim
Financial Statements**

**For the period ended
December 31, 2020**

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 Condensed Statement of Financial Position, Profit or Loss Account alongwith the Cash Flow Statement for the period ended December 31, 2020.

The Company has achieved sales of Rs.6.07 million whereas earned Gross Profit of Rs.0.38 million in the half year under review. After Administration expenses of Rs.2.13 million, Company incurred Operating Loss of Rs.1.75 million. Company earned income of Rs.0.29 million whereas incurred loss of Rs. 0.14 million in respect of exchange loss. After Financial & other charges of Rs.0.08 million, Company incurred loss before taxation is Rs. 1.68 million. The accumulated losses stand at Rs. 97.31 million. Loss per share for the period ended is Rs.0.84.

The management of the Company would like to inform the members of the Company that the Board of Directors has unanimously decided to de-list the Company from Pakistan Stock Exchange Limited. The Management of the Company is pursuing the matter and hopefully it will be processed soon.

for and on behalf of the Board

SAEED ALAM
Chief Executive

Hyderabad: February 25, 2021

AUDITOR'S REVIEW REPORT TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Fateh Industries Limited (the Company) as at December 31, 2020, the related condensed interim statement of profit or loss and statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the condensed interim financial statements for the six-months' period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures included in the condensed interim statement of profit or loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for half year ended December 31, 2020.

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 statement 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Without qualifying our opinion, we draw attention to note no. 3 to the financial statements which indicates, that the company has accumulated losses of Rs. 97,311,774/- as on June 30, 2020 and as of that date the Company's current liabilities exceeded its current assets by Rs. 91,779,699/-. As stated in note no. 3 these events or conditions, along with other matters as set forth in note no. 3 indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The engagement partner on the audit resulting in this independent auditor's review report is Tanwir Arif.

CHARTERED ACCOUNTANTS

Hyderabad: February 25, 2021

Condensed Interim Statement of Financial Position

As at December 31, 2020
(Un-Audited)

	<u>31-12-2020</u> <u>RUPEES</u>	<u>30-06-2020</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	462,758	381,686
Accumulated loss	(97,311,774)	(95,627,346)
	(76,849,016)	(75,245,660)
Current Liabilities		
Trade and others payables	119,821,031	120,575,859
Short term borrowings	11,133,719	11,133,719
Provision for taxation	618,531	618,531
Contingencies and commitments	0	0
	131,573,281	132,328,109
Total	54,724,265	57,082,449
Tangible Fixed Assets		
Property, plant and equipment	14,450,358	15,061,408
Long Term Investments	480,325	399,253
Current Assets		
Stores, spare parts and loose tools	0	0
Stock-in-trade	18,906,654	18,617,638
Trade debts	16,422,255	13,931,400
Advances, deposits and prepayments	2,845,577	2,777,344
Other receivables	0	0
Cash and bank balances	1,619,096	6,295,406
Contingent assets	0	0
	39,793,582	41,621,788
	54,724,265	57,082,449

SAEED ALAM

Chief Executive

Hyderabad: February 25, 2021

RAUF ALAM

Director

MUHAMMAD ISMAIL

Chief Financial Officer

Condensed Interim Statement of Profit or Loss

For the 2nd Quarter ended December 31, 2020
(Un-Audited)

	OCT-DEC 2020 RUPEES	JUL-DEC 2020 RUPEES	OCT-DEC 2019 RUPEES	JUL-DEC 2019 RUPEES
Sales	4,434,525	6,074,625	12,607,886	17,286,864
Cost of sales	4,069,005	5,697,210	10,668,988	16,802,225
Gross Profit	365,520	377,415	1,938,898	484,639
Administration Expense	1,780,992	2,130,573	695,892	2,211,799
Selling Expenses	0	0	503,705	1,064,115
	1,780,992	2,130,573	1,199,597	3,275,914
Operating (Loss)/Profit	(1,415,472)	(1,753,158)	739,301	(2,791,275)
Other Income	145,807	293,002	54,163	87,280
Exchange (Loss)/Gain	0	(144,315)	(217,420)	1,000,367
	(1,269,665)	(1,604,471)	576,044	(1,703,628)
Financial expenses	4,495	4,957	47,818	71,063
Other Charges	75,000	75,000	75,000	75,000
	79,495	79,957	122,818	146,063
(Loss) / Profit before Tax:	(1,349,160)	(1,684,428)	453,226	(1,849,691)
Taxation	0	0	0	0
(Loss) / Profit after Taxat	(1,349,160)	(1,684,428)	453,226	(1,849,691)

SAEED ALAM
Chief Executive
Hyderabad: February 25, 2021

RAUF ALAM
Director

MUHAMMAD ISMAIL
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income

For the 2nd Quarter ended December 31, 2020
(Un-Audited)

	OCT-DEC 2020 RUPEES	JUL-DEC 2020 RUPEES	OCT-DEC 2019 RUPEES	JUL-DEC 2019 RUPEES
(Loss) / Profit after taxation	(1,349,160)	(1,684,428)	453,226	(1,849,691)
Other comprehensive income				
Unrealized (loss) /gain on revaluation of investment - available for sale	(1,655)	81,072	(44,870)	(63,973)
Total Comprehensive (Loss)/ Income for the Period	<u>(1,350,815)</u>	<u>(1,603,356)</u>	<u>408,356</u>	<u>(1,913,664)</u>
(Loss) / Earning per share	(0.67)	(0.84)	0.23	(0.92)

SAEED ALAM

Chief Executive

Hyderabad: February 25, 2021

RAUF ALAM

Director

MUHAMMAD ISMAIL

Chief Financial Officer

Notes to the condensed Interim Financial Statements: For the 2nd Quarter ended December 31, 2020

1. STATUS AND NATURE OF BUSINESS

Fateh Industries Limited is incorporated in Pakistan as a public limited company and is listed on the Pakistan Stock Exchange Limited. The registered office of the company is situated 442-Mirpurkhas Road, Hyderabad.

The Company is engaged mainly in the manufacturing and sale of footwear of all kinds, however, manufacturing was suspended since 1999-2000. The Company had started trading of wool waste from 2011. During the year 2013, manufacturing activities were started partially.

2. BASIS FOR PREPARATION OF ACCOUNTS

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements should be read in conjunction with annual audited financial statements for the year ended June 30, 2020. Comparative statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2020 whereas comparative statement of profit or loss, comparative statement of comprehensive income, comparative statement of cash flows and comparative statement of changes in equity are extracted from unaudited condensed interim financial statements for the half year ended December 31, 2019.

2.3 These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the external auditors as required by the Code of Corporate Governance.

2.4 The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended June 30, 2020.

2.5 These condensed interim financial statements are presented in Pak Rupees, which is the Company's functional and presentational currency.

3. GOING CONCERN

These financial statements have been prepared on going concern basis, inspite of the uncertainties given here under that may cast significant doubt about the company ability to continue as a going concern, for the reasons discussed below:

- **the operations of the company were closed since the year 2000.** The core reason for non-production and losses is due to funds blocked with Russia that rendered the Company in the financial distress. The manufacturing activities could not be profitably carried out with scarce financial resources, hence to mitigate the operational cost and administration expenses, operations were closed upto 2011;
- there are accumulated losses amounting to Rs. 97.31 million and current liabilities of the company exceed its current assets by Rs. 91.78 million; and
- **the financial ratios are adverse.**

The management of the Company has no plan to liquidate its assets other than under normal course of business. These financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts, and discharge and classification of liabilities, that may be necessary should the company be unable to continue as a going concern. The ability of the company to continue as a going concern currently is based on the followings:

- i) Revival of the manufacturing activities in full swing.
- ii) Continued financial support from directors/related parties after manufacturing activities started anew.

Notes to the condensed Interim Financial Statements:
For the 2nd Quarter ended December 31, 2020

4. The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended June 30, 2020.
5. During the period company have made the following transactions with related party - Arino, Hyderabad:

-	Sales	Rs. 6,074,625/-; and
-	Rental income	Rs. 66,000/-.
6. There is no significant change in Contingent liabilities since last annual balance sheet date.
7. No provision for taxation is made in these interim accounts.
8. Figures in these accounts have been rounded off to the nearest rupee.
9. These interim accounts are authorized by the Board for issue on 25th February, 2021.

SAEED ALAM
Chief Executive

RAUF ALAM
Director

MUHAMMAD ISMAIL
Chief Financial Officer

Hyderabad: February 25, 2021

Condensed Interim Statement of Cash Flows
For the 2nd Quarter ended December 31, 2020
(Un-Audited)

	31-12-2020 RUPEES	31-12-2019 RUPEES
A. CASH FROM OPERATING ACTIVITIES		
Loss before taxation	(1,684,428)	(1,849,691)
Depreciation	611,050	689,295
Other Income/Dividend received	(293,002)	(87,280)
Exchange Loss / (Gain)	144,315	(1,000,367)
	462,363	(398,352)
Operating Loss before working capital changes	(1,222,065)	(2,248,043)
(Increase) / decrease in current assets		
Stock-in-trade	(289,016)	(8,284,953)
Trade debtors	(2,490,855)	(2,592,487)
Advances, deposits and pre-payments	427,655	9,305,200
Other receivables	0	0
(Decrease) / Increase in current liabilities		
Trade and other payables	(754,828)	(5,908,607)
	(3,107,044)	(7,480,847)
Cash used in operations	(4,329,109)	(9,728,890)
Taxes paid	(495,888)	(495,888)
Exchange (Loss)/Gain	(144,315)	1,000,367
	(640,203)	504,479
Net cash flow from Operating Activities	(4,969,312)	(9,224,411)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	0	0
Other Income/Dividend received	293,002	87,280
	293,002	87,280
C. CASH FLOW FROM FINANCING ACTIVITIES		
Short term borrowings	0	8,065,000
Net (Decrease) / Increase in cash and cash equivalents	(4,676,310)	(1,072,131)
Cash and equivalent at the beginning of the period	6,295,406	2,673,651
Cash and equivalent at the end of the period	1,619,096	1,601,520

SAEED ALAM

Chief Executive

RAUF ALAM

Director

MUHAMMAD ISMAIL

Chief Financial Officer

Hyderabad: February 25, 2021

Condensed Interim Statement of Changes in Equity
For the 2nd Quarter ended December 31, 2020

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, 2019	20,000,000	292,574	(271,337,645)	(251,045,071)
Loss for the period	0	0	(1,849,691)	(1,849,691)
Other Comprehensive income for the period				
Unrealized profit on revaluation of investment	0	184,310	0	184,310
	0	184,310	(1,849,691)	(1,665,381)
Balance as on December 31, 2019	20,000,000	476,884	(273,187,336)	(252,710,452)
Balance as on July 1, 2020	20,000,000	381,686	(95,627,346)	(75,245,660)
Loss for the period	0	0	(1,684,428)	(1,684,428)
Other Comprehensive income for the period				
Unrealized profit on revaluation of investment	0	81,072	0	81,072
	0	81,072	(1,684,428)	(1,603,356)
Balance as on December 31, 2020	20,000,000	462,758	(97,311,774)	(76,849,016)

SAEED ALAM
Chief Executive

RAUF ALAM
Director

MUHAMMAD ISMAIL
Chief Financial Officer

Hyderabad: February 25, 2021