

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, 2024.

The Company has achieved sales of Rs.0.171 million whereas incurred Gross Loss of Rs.0.21 million in the half year under review. After Administration expenses of Rs.1.94 million, Other Income of Rs. 0.98 million and Exchange Gain of Rs.0.50 million, Company incurred Operating Loss of Rs.0.67 million. After Financial & other charges of Rs.0.08 million, Company incurred loss before taxation is Rs. 0.75 million. The accumulated losses stand at Rs. 112.27 million. Loss per share for the half year ended is Rs.0.38.

for and on behalf of the Board



SAEED ALAM

Chief Executive

Hyderabad: February 24, 2025

Fateh Industries Limited

Condensed Interim Statement of Financial Position

As at December 31, 2024
(Un-Audited)

	Dec 31, 2024 Un-Audited	June 30, 2024 Audited
Rupees		
Non-Current Assets		
Property, Plant and Equipments	10,548,644	10,931,187
Investments	1,216,691	815,746
	11,765,335	11,746,933
Current Assets		
Inventories	18,221,549	17,889,152
Trade Receivables	29,684,717	33,552,406
Advances, Deposits and Prepayments	1,516,513	1,317,718
Income Tax Refundable	2,774,441	2,374,921
Cash and bank balances	722,760	220,012
	52,919,980	55,354,209
	64,685,315	67,101,142
Share Capital and Reserves		
Share Capital	20,000,000	20,000,000
Capital Reserve		
Investment revaluation reserve	1,199,124	798,179
Revenue Reserve		
Accumulated Loss	(112,273,848)	(111,518,757)
	(91,074,724)	(90,720,578)
Non-Current Liabilities		
Security Deposit from tenant	630,000	630,000
Current Liabilities		
Trade and Others Payables	122,745,508	123,890,006
Loan from Directors	32,384,531	33,301,714
Provision for Taxation	-	-
	155,130,039	157,191,720
CONTINGENCIES AND COMMITMENTS - NOTE NO. 3		
Total	64,685,315	67,101,142

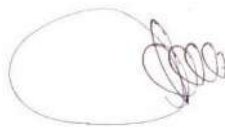
The annexed notes form an integral part of these condensed financial statements



SAEED ALAM

Chief Executive

Hyderabad: February 24, 2025



RAUF ALAM

Director



MUHAMMAD ISMAIL

Chief Financial Officer

Fateh Industries Limited

Condensed Interim Statement of Profit or Loss

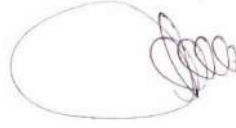
For the 2nd Quarter ended December 31, 2024
(Un-Audited)

	2024		2023	
	OCT-DEC 2024 RUPEES	JUL-DEC 2024 RUPEES	OCT-DEC 2023 RUPEES	JUL-DEC 2023 RUPEES
Sales	-	171,450	3,849,225	7,991,061
Less: Cost of sales	218,315	377,926	6,602,059	10,575,360
Gross (Loss)	(218,315)	(206,476)	(2,752,834)	(2,584,299)
Less: Administration Expense	489,109	1,942,186	215,293	468,537
	(707,424)	(2,148,662)	(2,968,127)	(3,052,836)
Add: Other Income	266,800	977,397	1,288,500	2,557,800
Foreign Exchange Gain	1,221,884	502,277	724,718	159,266
Operating Profit/(Loss)	781,260	(668,988)	(954,909)	(335,770)
Less: Financial expenses	40	1,103	2,203	2,780
Other Charges	85,000	85,000	75,000	75,000
	85,040	86,103	77,203	77,780
Profit/(Loss) before Taxation	696,220	(755,091)	(1,032,112)	(413,550)
Taxation	0	0	0	0
Net Profit/(Loss) after Taxation	696,220	(755,091)	(1,032,112)	(413,550)
Earning / (Loss) per share - Basic and Diluted	0.35	(0.38)	(0.52)	(0.21)


The annexed notes form an integral part of these condensed financial statements



SAEED ALAM
Chief Executive



RAUF ALAM
Director



MUHAMMAD ISMAIL
Chief Financial Officer

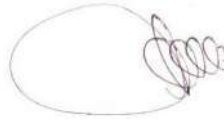
Hyderabad: February 24, 2025

Fateh Industries Limited
Condensed Interim Statement of Comprehensive Income
For the 2nd Quarter ended December 31, 2024
(Un-Audited)

	2024		2023	
	OCT-DEC 2024 RUPEES	JUL-DEC 2024 RUPEES	OCT-DEC 2023 RUPEES	JUL-DEC 2023 RUPEES
Net Profit/(Loss) after taxation	696,220	(755,091)	(1,032,112)	(413,550)
Other comprehensive income / (Loss)				
<i>Items that will not be subsequently reclassified to profit or loss</i>				
<i>Unrealized gain/(loss) on remeasurement of Investment</i>	296,240	400,945	173,432	198,038
Total Comprehensive Income/(Loss) for the Period	992,460	(354,146)	(858,680)	(215,512)



SAEED ALAM
Chief Executive



RAUF ALAM
Director



MUHAMMAD ISMAIL
Chief Financial Officer

Hyderabad: February 24, 2025

Fateh Industries Limited

Condensed Interim Statement of Cash Flows

For the 2nd Quarter ended December 31, 2024
(Un-Audited)

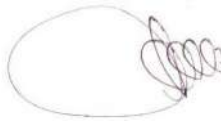
	31-12-2024 RUPEES	31-12-2023 RUPEES
CASH FROM OPERATING ACTIVITIES		
Loss before taxation	(755,091)	(413,550)
Adjustment for:		
Depreciation	382,543	429,285
Dividend Income	(20,800)	(79,200)
Foreign Exchange Loss / (Gain)	(502,277)	(159,266)
Operating profit before working capital changes	(895,625)	(222,731)
(Increase) / decrease in Operating Assets		
Inventories	(332,397)	(37,190)
Trade Receivables	4,369,966	(2,119,455)
Advances, deposits and pre-payments	(198,795)	(150,782)
	2,943,149	(2,530,158)
Increase/(Decrease) in Operating Liabilities		
Trade and other payables	(1,144,498)	(60,457)
Cash generated from/(used in) operations	1,798,651	(2,590,615)
Tax deducted at source/paid	(399,520)	(287,059)
Net cash from / (used in) Operating Activities	1,399,131	(2,877,674)
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend Income	20,800	79,200
Net cash from / (used in) Investing Activities	20,800	79,200
CASH FLOW FROM FINANCING ACTIVITIES		
Increase / (Decrease) in Loan from Directors	(917,183)	3,305,000
Net cash from / (used in) Financing Activities	(917,183)	3,305,000
Net Increased/(Decrease) in cash and cash equivalents	502,748	506,526
Cash and equivalent at the beginning of the period	220,012	463,358
Cash and equivalent at the end of the period	722,760	969,884



SAEED ALAM

Chief Executive

Hyderabad: February 24, 2025



RAUF ALAM

Director



MUHAMMAD ISMAIL

Chief Financial Officer

Fateh Industries Limited

Condensed Interim Statement of Changes in Equity

For the 2nd Quarter ended December 31, 2024

Amount in Rupees.

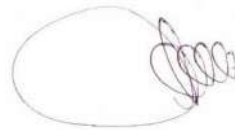
	<u>Share Capital</u>	<u>Surplus on Revaluation of Investment</u>	<u>Accumulated (Loss)</u>	<u>Total</u>
Balance as on July 1, 2023	20,000,000	415,947	(109,586,766)	(89,170,819)
Loss for the period	0	0	(413,550)	(413,550)
Other Comprehensive income for the period	0	198,038	0	198,038
	0	198,038	(413,550)	(215,512)
Balance as on December 31, 2023	20,000,000	613,985	(110,000,316)	(89,386,331)
Balance as on July 1, 2024	20,000,000	798,179	(111,518,757)	(90,720,578)
Loss for the period	0	0	(755,091)	(755,091)
Other Comprehensive income for the period	0	400,945	0	400,945
	0	400,945	(755,091)	(354,146)
Balance as on December 31, 2024	20,000,000	1,199,124	(112,273,848)	(91,074,724)



SAEED ALAM

Chief Executive

Hyderabad: February 24, 2025



RAUF ALAM

Director



MUHAMMAD ISMAIL

Chief Financial Officer

FATEH INDUSTRIES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2024

1 CORPORATE AND GENERAL INFORMATION

The Company was incorporated on May 18, 1986, as a public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017), and is listed on Pakistan Stock Exchange Limited. The business of company was to manufacture and sale of footwear of all kinds. The Registered Office is situated at 442. Mirpurkhas Road, Hyderabad.

The manufacturing activities had remained suspended since 1999-2000. The core reason for non-production was blockage of funds with Russia at the time when the Russian Central Bank defaulted on its debts due to disintegration of U.S.S.R., that rendered the Company in to the financial distress. Although the blocked funds have been received few years back, yet the manufacturing activities could not be resumed due to various constraints. The company had also started business of wastage wool as alternative business since 2011, which has also been suspended for few years. The manufacturing activities has partially commenced since 2013, the Company is manufacturing shoes for making sales to a related party namely M/S Arino.

2 BASIS OF PRESENTATION

2.1 Purpose of Issuance

These condensed interim financial statements have been issued to the shareholders to comply with Section 237 of the Companies Act, 2017 are un-audited but subject to limited scope review by the external auditors as required by the Companies Act, 2017 and Code of Corporate Governance.

2.2 Statement of Compliance

These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard 34 – “Interim Financial Reporting” and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. These condensed interim financial statements do not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended June 30, 2024. These condensed interim financial statements are unaudited.

2.3 Comparative Financial Informationm

The comparative statement of financial position presented in these condensed interim financial statements has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2024, whereas the comparative condensed interim profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement, are extracted from the unaudited condensed interim financial statements for the half year ended December 31, 2023.

2.4 Basis of Measurement

These condensed interim financial statements have been prepared under the historical cost convention.

Going Concern Assumption

These financial statements have been prepared on going concern basis, yet there are factors which effect the Company’s ability to continue as a going concern, for instance the operations of the Company have been closed since the year 2000, due to the reasons as stated in Note No.1. There is negative equity Rs.91.07 million and the current liabilities exceeds current assets by Rs.102.21 million.

Mitigating Factors to the Uncertainty relating to the use of Going Concern

Foreign debtors with Russia were blocked due to delink age of the same with Russian Federation. The management of the Company had filed an appeal before the Honorable Foreign Exchange Regulation Appellate Board, Karachi against the order of Honorable Foreign Exchange Adjudication Court, State Bank of Pakistan, Banking Services Corporation in July 2014. Foreign Exchange Regulation (FER) Appellate Board, vide order dated 24.04.2017 has annulled and set aside the said order and directed the adjudication officer to pass a fresh speaking and final order on all legal and factual grounds and further directed not to take any coercive measures against the appellant till further direction of the Appellate Board. Further during the year 2019 the Company had filed a constitutional petition before the Honorable High Court of Sindh. The FER cases against the Compoany have been vacated by the Foreign Exchange Adjudication Office vide order dated September 14, 2023 in favour of the Company.

The Government of Pakistan and the Russian Federation have been discussing the matter for settlement of claims by the Pakistani exporters. The Government of Pakistan has frozen the account of the Russian Federation Government maintained with NBP, till the settlement of the claims of the Pakistani exporters, in accordance, with the order of the Honorable High Court of Sindh. Consequent to the negotiations for recovery of stuck up funds from Russian Federation, an amount of Rs.182,620,000 (USD 1,150,000) including sea freight compensation has been received during the year ended June 30, 2020.

The Company has been able to generate net positive cash flows of Rs.1,399,131 from operations. The management is considering to restart the operations viably a new. Although the plant is shut down, the Company has managed to produce shoes through hand labour and selling the same. Export of wool is also being carried out as an alternative business activity, but remained suspended for various reasons. The management has no plans to liquidate its assets other than in the normal course of business. Moreover continued financial support is available from the directors and other related parties.

Since the operations has not yet commenced, there is a material uncertainty which cast significant doubt about the Company's ability to continue as a going concern, therefore it may be unable to realise its assets and discharge its liabilities in the 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.

2.5 Accounting Policies

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the audited financial statements for the year ended June 30, 2024.

2.6 Accounting Estimates and Judgements

Estimates and judgments made by management in the preparation of these condensed interim financial statements are the same as those that were applied to the audited annual financial statements of the Company as at and for the year ended June 30, 2024.

2.7 Functional and Presentation Currency

These financial statements are presented in Pakistan Rupees, which is the company's functional and presentation currency.

3 CONTINGENCIES AND COMMITMENTS

Contingencies reported in the annual audited financial statements for the year ended June 30, 2024 remain unchanged.

4 TAXATION

No provision for current taxation has been made in these condensed interim financial statements.

5 RELATED PARTY TRANSACTIONS

Related parties comprise of group companies (associates), directors, major shareholders, their close family members and key management personnel. Transactions with related parties during the year, other than and including those which have been disclosed elsewhere in these financial statements, are given below:

		31-Dec-24	31-Dec-23
		----- Rupees -----	
<u>Name of Related Party</u>	<u>Nature of Transaction</u>		
Arino - Under Common Management	Sale of Goods	171,450	7,991,061
	Rental income	66,000	66,000
Branded Shop - Under Common Management	Rental income	66,000	66,000
Mr. Rauf Alam - Director	Loan received / (repaid)	(917,183)	2,010,000
Mr. Aftab Alam - Director	Loan received / (repaid)	-	1,745,000
Mr. Saeed Alam - Director	Loan received / (repaid)	-	(450,000)

6 FIGURES

Figures in these condensed interim financial statements have been rounded off to the nearest thousand rupees.

7 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on February 24, 2025 by the Board of Directors of the Company.



Chief Executive



Director



Chief Financial Officer



Clarkson Hyde Saud Ansari
Chartered Accountants

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Pakistan representative of **Clarkson Hyde Global**
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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of : **FATEH INDUSTRIES LIMITED**

Report on Review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **FATEH INDUSTRIES LIMITED** (the Company) as at December 31, 2024, the related condensed interim statement of profit or loss, condensed interim 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 half year 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.

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.

Basis for Qualified Conclusion

The carrying value of property, plant and equipment as of the reporting date is Rs.10,548,644. As stated in Note No.1 to the financial statements, the operations of the Company have been closed since the year 2000. Therefore there is an indication that items of property, plant and equipment may have been impaired. The Company has not carried out an exercise to assess their fair value, we are therefore unable to obtain sufficient appropriate evidence about the carrying amount of property, plant and equipment, and to determine if impairment loss, if any is to be recognized.

During the period the company's sales of Rs. 171,450 represents sale of goods made to Arino, a related party. These sales have been made on an arm's length basis. We could not obtain sufficient appropriate evidence, as to whether these sales were made on an arm's length basis, therefore could not ensure the fairness of the amount reported for sales and adequacy of the related disclosures and under the applicable financial reporting framework.

We have been unable to receive balance confirmations for balances of trade creditors amounting to Rs.7,015,389 other payables amounting to Rs.4,662,249 and payable to others amounting to Rs.82,688,107 hence these balances remained unverified.

Qualified Conclusion

Except for the adjustments to the condensed interim financial statements, that we might have become aware of, had it not been for the situations described above, based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.


Material Uncertainty relating to Going Concern

We draw attention to Note 2.4 to the financial statements, which states that these financial statements have been prepared on going concern basis, yet there are factors which affect the Company's ability to continue as a going concern, for instance the operations of the Company have been closed since the year 2000, due to the reasons as stated in Note No.1. There is negative equity amounting to Rs.91.07 million and the current liabilities exceeds current assets by Rs.102.21 million. The aforesaid conditions indicate the existence of a material uncertainty which cast significant doubt about the company's ability to continue as a going concern. Management's plans and other mitigating factors to this matter have been discussed in Note 2.4 to the financial statements. Our conclusion is not modified in respect of this matter.

Other Matter

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2024 and 2023 have not been reviewed as we were required to review only the cumulative figures for the half year ended December 31, 2024.

The engagement partner on the review resulting in this independent auditor's review report is SAUD ANSARI.


Clarkson Hyde Saud Ansari
Chartered Accountants
Karachi.
Dated: February 24, 2025
UDIN: RR202410149fnNHUEVIQ

