

Condensed Interim Financial Statements

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



**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 (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.

During the period under review, there were no sale recorded due to non availability of export orders. Company incurred Operating Loss in respect of Administration expenses of Rs.0.94 million whereas incurred loss of Rs.15.90 million in respect of exchange loss. After Financial and other charges of Rs. 0.08 million, Company incurred loss before taxation of Rs.16.91 million. The accumulated profit remained at Balance Sheet is Rs.268.00 million. Loss per share for the period is Rs.8.46.

Consequent to the negotiation between Government of Pakistan and Russia for recovery of stuck up funds an amount of US\$:3,200,000/- was placed at the disposal of the Company out of which an amount of US\$:1,200,000/- including Sea Freight Compensation has been received during the last financial year.

The Management of the Company is trying its best to revive the production activities but unfortunately this could not possible during the year due to Covide-19 situation. However, Management will continue its best efforts to get export orders and ensure to restart the business in full swing.

for and on behalf of the Board

RAUF 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 Sports Wear 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 operations of the Company had remained closed for a long time and have not yet been commenced. As stated in note no. 3 these events or conditions, along with other matters as set forth in the 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)

| | 31-12-2020 | 30-06-2020 |
|--|--------------------|--------------------|
| | RUPEES | RUPEES |
| <u>Capital & Liabilities</u> | | |
| Authorized Capital | | |
| 5,000,000 ordinary shares of Rs. 10/- each | 50,000,000 | 50,000,000 |
| Shareholders' Equity | | |
| Issued, subscribed and paid up share capital | 20,000,000 | 20,000,000 |
| General reserve | 53,500,000 | 53,500,000 |
| Accumulated profit | 268,002,789 | 284,915,031 |
| | 341,502,789 | 358,415,031 |
| Current Liabilities | | |
| Trade and other payables | 4,288,142 | 5,207,336 |
| Markup accrued on loans | 0 | 0 |
| Short term borrowings | 0 | 0 |
| Loan from directors | 11,707,012 | 15,757,012 |
| Provision for taxation | 113,391 | 113,391 |
| Contingencies and commitments | 0 | 0 |
| | 16,108,545 | 21,077,739 |
| Total | 357,611,334 | 379,492,770 |
| <u>Property & Assets</u> | | |
| Operating Fixed Assets | 11,612,793 | 11,823,440 |
| Current Assets | | |
| Store, spare parts and loose tools | 0 | 0 |
| Stock-in-trade | 0 | 0 |
| Trade debts | 320,600,000 | 336,500,000 |
| Advances, deposits and prepayments | 1,189,065 | 1,134,765 |
| Other receivables | 0 | 0 |
| Cash and bank balances | 24,209,476 | 30,034,565 |
| Contingent assets | 0 | 0 |
| | 345,998,541 | 367,669,330 |
| Total | 357,611,334 | 379,492,770 |

RAUF ALAM

Chief Executive

SAEED ALAM

Director

MUHAMMAD ISMAIL

Chief Financial Officer

Hyderabad: February 25, 2021

Condensed Interim Statement of Profit or Loss & 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 |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
| Sales | 0 | 0 | 0 | 0 |
| Cost of sales | 0 | 0 | 0 | 0 |
| Gross Loss | 0 | 0 | 0 | 0 |
| Administration expense | 384,042 | 935,930 | 342,999 | 688,803 |
| Selling Expenses | 0 | 0 | 0 | 0 |
| | 384,042 | 935,930 | 342,999 | 688,803 |
| Operating Loss | (384,042) | (935,930) | (342,999) | (688,803) |
| Other Income | 0 | 0 | 0 | 0 |
| Exchange Loss | (7,880,000) | (15,900,000) | 0 | 0 |
| | (8,264,042) | (16,835,930) | (342,999) | (688,803) |
| Financial expenses | 596 | 1,312 | 1,363 | 1,363 |
| Other charges | 75,000 | 75,000 | 75,000 | 75,000 |
| | 75,596 | 76,312 | 76,363 | 76,363 |
| Loss before Taxation | (8,339,638) | (16,912,242) | (419,362) | (765,166) |
| Taxation | 0 | 0 | 0 | 0 |
| Loss after Taxation | (8,339,638) | (16,912,242) | (419,362) | (765,166) |
| Other comprehensive income | 0 | 0 | 0 | 0 |
| Total Comprehensive Loss for the Period | (8,339,638) | (16,912,242) | (419,362) | (765,166) |
| Loss per share | (4.17) | (8.46) | (0.21) | (0.38) |

RAUF ALAM
Chief Executive

SAEED ALAM
Director

MUHAMMAD ISMAIL
Chief Financial Officer

Hyderabad: February 25, 2021

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

1. STATUS AND NATURE OF BUSINESS

Fateh Sports Wear 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 export of ready-made garments. The registered office of the company is situated 442-Mirpurkhas Road, Hyderabad.

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 2003.** In the year 2011 the company had started producing 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 viably anew. But due to scarce financial resources the operations were not viable hence the operation are closed from March, 2015.
- The management is to restart the operations viably a new. The management has no plans to liquidate its assets other than in the normal course of business.

Since operations have not yet been 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 realize 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.

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:
 - Loan returned to Director - Mr. Faraz Alam - Rs. 4,050,000/-
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.

RAUF ALAM

Chief Executive

Hyderabad: February 25, 2021

SAEED ALAM

Director

MUHAMMAD ISMAIL

Chief Financial Officer

Condensed Interim Statement of Cash Flows
For the 2nd Quarter ended December 31, 2020

| | 31-12-2020 | 31-12-2019 |
|--|--------------------------|----------------------|
| | RUPEES | RUPEES |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Loss before taxation | (16,912,242) | (765,166) |
| Depreciation | 210,647 | 234,251 |
| Operating loss before working capital changes | <u>(16,701,595)</u> | <u>(530,915)</u> |
| (Increase) / Decrease in current assets | | |
| Trade debtors | 15,900,000 | 0 |
| Advances, deposits and prepayments | (54,300) | 0 |
| (Decrease) / Increase in current liabilities | | |
| Trade and other payables | (919,194) | 39,610 |
| | <u>14,926,506</u> | <u>39,610</u> |
| Cash (used in) from operations | <u>(1,775,089)</u> | <u>(491,305)</u> |
| Taxes paid | 0 | 0 |
| Net Cash used in operating activities | <u>(1,775,089)</u> | <u>(491,305)</u> |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Fixed Capital Expenditure | 0 | 0 |
| | <u>0</u> | <u>0</u> |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Loan from directors | (4,050,000) | 477,042 |
| | <u>(4,050,000)</u> | <u>477,042</u> |
| Net (Decrease)/Increase in cash and cash equivalents | (5,825,089) | (14,263) |
| Cash and cash equivalent at the beginning of the period | 30,034,565 | 87,016 |
| Cash and cash equivalent at the end of the period | <u><u>24,209,476</u></u> | <u><u>72,753</u></u> |

RAUF ALAM

Chief Executive

SAEED 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

| | <u>Amount in Rupees</u> | | | |
|---|--------------------------|----------------------------|-------------------------------|----------------------|
| | Share Capital | General Reserve | Accumulated (Loss) | Total |
| Balance as on July 1, 2019 | 20,000,000 | 53,500,000 | (348,369,883) | (274,869,883) |
| Loss for the period | 0 | 0 | (765,166) | (765,166) |
| Other Comprehensive income for the period | 0 | 0 | 0 | 0 |
| | 0 | 0 | (765,166) | (765,166) |
| Balance as on December 31, 2019 | 20,000,000 | 53,500,000 | (349,135,049) | (275,635,049) |
| Balance as on July 1, 2020 | 20,000,000 | 53,500,000 | 284,915,031 | 358,415,031 |
| Loss for the period | 0 | 0 | (16,912,242) | (16,912,242) |
| Other Comprehensive income for the period | 0 | 0 | 0 | 0 |
| | 0 | 0 | (16,912,242) | (16,912,242) |
| Balance as on December 31, 2020 | 20,000,000 | 53,500,000 | 268,002,789 | 341,502,789 |

RAUF ALAM
Chief Executive

SAEED ALAM
Director

MUHAMMAD ISMAIL
Chief Financial Officer

Hyderabad: February 25, 2021