

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, 2025.

During the period under review, there were no sale recorded due to non availability of orders. After Administration expenses of Rs.2.01 million, Other Income of Rs. 0.97 million and Exchange Gain of Rs.0.23 million, Company incurred Operating Loss of Rs.0.81 million. After Financial & other charges of Rs.0.08 million, Company incurred loss before taxation is Rs. 0.89 million. The unappropriated profit stand at Rs. 2.53 million. Loss per share for the half year ended is Rs.0.45.

for and on behalf of the Board



SAEED ALAM

Chief Executive

Hyderabad: February 26, 2026

Fateh Industries Limited

Condensed Interim Statement of Financial Position

As at December 31, 2025
(Un-Audited)

	Dec 31, 2025 Un-Audited	June 30, 2025 Audited
Rupees		
Non-Current Assets		
Property, Plant and Equipments	238,996,078	240,240,302
Investment Property	120,000,000	120,000,000
Investments	1,085,809	938,037
	360,081,887	361,178,339
Current Assets		
Inventories	18,157,249	18,157,249
Trade Receivables	23,434,717	26,734,717
Advances, Deposits and Prepayments	2,814,219	1,422,219
Income Tax Refundable	3,087,846	2,849,221
Cash and bank balances	769,591	322,034
	48,263,622	49,485,440
	408,345,509	410,663,779
Share Capital and Reserves		
Share Capital	20,000,000	20,000,000
Capital Reserve		
Revaluation Surplus	219,782,757	219,858,906
Fair Value Reserve - Investment	1,068,242	920,470
	220,850,999	220,779,376
Revenue Reserve		
Unappropriated Profit	2,528,076	3,359,348
	243,379,075	244,138,724
Non-Current Liabilities		
Security Deposit from tenant	1,530,000	1,530,000
Deferred Taxation	10,299,007	10,291,438
	11,829,007	11,821,438
Current Liabilities		
Trade and Others Payables	121,589,688	121,855,878
Loan from Directors	31,547,739	32,847,739
	153,137,427	154,703,617
CONTINGENCIES AND COMMITMENTS - NOTE NO. 3		
Total	408,345,509	410,663,779

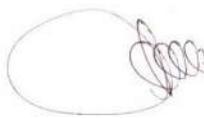
The annexed notes form an integral part of these condensed financial statements



SAEED ALAM

Chief Executive

Hyderabad: February 26, 2026



RAUF ALAM

Director



MUHAMMAD ISMAIL

Chief Financial Officer

Fateh Industries Limited

Condensed Interim Statement of Profit or Loss

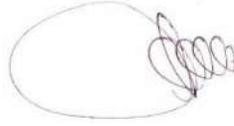
For the 2nd Quarter ended December 31, 2025
(Un-Audited)

	2025		2024	
	OCT-DEC 2025 RUPEES	JUL-DEC 2025 RUPEES	OCT-DEC 2024 RUPEES	JUL-DEC 2024 RUPEES
Sales	-	-	-	171,450
Less: Cost of sales	-	-	218,315	377,926
Gross (Loss)	0	0	(218,315)	(206,476)
Less: Administration Expense	917,587	2,014,790	489,109	1,942,186
	(917,587)	(2,014,790)	(707,424)	(2,148,662)
Add: Other Income	426,000	966,000	266,800	977,397
Foreign Exchange Gain	33,393	234,990	1,221,884	502,277
Operating (Loss)/Profit	(458,194)	(813,800)	781,260	(668,988)
Less: Financial expenses	1,052	1,052	40	1,103
Other Charges	85,000	85,000	85,000	85,000
	86,052	86,052	85,040	86,103
(Loss) / Profit before Taxation	(544,246)	(899,852)	696,220	(755,091)
Taxation	(5,940)	(5,940)	0	0
Net (Loss)/Profit after Taxation	(538,306)	(893,912)	696,220	(755,091)
(Loss)/Earning per share - Basic and Diluted	(0.27)	(0.45)	0.35	(0.38)

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 26, 2026

Fateh Industries Limited

Condensed Interim Statement of Comprehensive Income

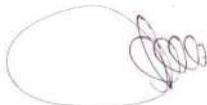
For the 2nd Quarter ended December 31, 2025
(Un-Audited)

	2025		2024	
	OCT-DEC 2025	JUL-DEC 2025	OCT-DEC 2024	JUL-DEC 2024
	RUPEES	RUPEES	RUPEES	RUPEES
Net (Loss)/Profit after taxation	(538,306)	(893,912)	696,220	(755,091)
Other comprehensive income				
<i>Items that will not be subsequently reclassified to profit or loss</i>				
<i>Unrealized gain on remeasurement of Investment</i>	70,350	147,772	296,240	400,945
Total Comprehensive (Loss)/Income for the Period	(467,956)	(746,140)	992,460	(354,146)

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 26, 2026

Fateh Industries Limited
Condensed Interim Statement of Cash Flows
For the 2nd Quarter ended December 31, 2025
(Un-Audited)

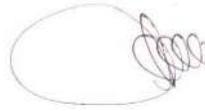
	31-12-2025 RUPEES	31-12-2024 RUPEES
CASH FROM OPERATING ACTIVITIES		
Loss before taxation	(899,852)	(755,091)
Adjustment for:		
Depreciation	1,244,224	382,543
Dividend Income	0	(20,800)
Foreign Exchange Loss / (Gain)	(234,990)	(502,277)
Operating profit before working capital changes	<u>109,382</u>	<u>(895,625)</u>
(Increase) / decrease in Operating Assets		
Inventories	0	(332,397)
Trade Receivables	3,300,000	4,369,966
Advances, deposits and pre-payments	(1,392,000)	(198,795)
	<u>2,017,382</u>	<u>2,943,149</u>
Increase/(Decrease) in Operating Liabilities		
Trade and other payables	(31,200)	(1,144,498)
Cash generated from/(used in) operations	<u>1,986,182</u>	<u>1,798,651</u>
Tax deducted at source/paid	(238,625)	(399,520)
Net cash from / (used in) Operating Activities	<u>1,747,557</u>	<u>1,399,131</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend Income	0	20,800
Net cash from / (used in) Investing Activities	0	20,800
CASH FLOW FROM FINANCING ACTIVITIES		
Increase / (Decrease) in Loan from Directors	(1,300,000)	(917,183)
Net cash from / (used in) Financing Activities	<u>(1,300,000)</u>	<u>(917,183)</u>
Net Increased/(Decrease) in cash and cash equivalents	<u>447,557</u>	<u>502,748</u>
Cash and equivalent at the beginning of the period	<u>322,034</u>	<u>220,012</u>
Cash and equivalent at the end of the period	<u><u>769,591</u></u>	<u><u>722,760</u></u>



SAEED ALAM

Chief Executive

Hyderabad: February 26, 2026



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, 2025

Amount in Rupees.

Share Capital	Capital Reserves		Unappropriated (Loss)/Profit	Total
Issued, Subscribed & Paid Up Capital	Investment Re-measurement Reserve	Revaluation Surplus		

-----Rupees-----

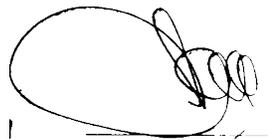
Balance as at July 1, 2024	20,000,000	798,179	-	(111,518,757)	(90,720,578)
As previously reported	-	-	-	1,931,991	1,931,991
Impact due to change in Accounting Policy	-	-	-	1,931,991	1,931,991
Balance as at July 1, 2024 - Restated	20,000,000	798,179	-	(109,586,766)	(88,788,587)
Loss for the Period	-	-	-	(755,091)	(755,091)
Other Comprehensive Income for the Period	-	400,945	-	-	400,945
	-	400,945	-	(755,091)	(354,146)
Balance as at December 31, 2024	20,000,000	1,199,124	-	(110,341,857)	(89,142,733)
Balance as at July 1, 2025	20,000,000	920,470	219,858,906	3,359,348	244,138,724
Loss for the Period	-	-	-	(893,912)	(893,912)
Other Comprehensive Income for the Period	-	147,772	-	-	147,772
	-	147,772	-	(893,912)	(746,140)
<i>Transfer due to Incremental Depreciation on Revaluation of Property, Plant and Equipment</i>	-	-	(62,640)	62,640	-
<i>Deferred Tax on Incremental Depreciation on Building</i>	-	-	(13,509)	-	(13,509)
Balance as at December 31, 2025	20,000,000	1,068,242	219,782,757	2,528,076	243,379,075



SAEED ALAM

Chief Executive

Hyderabad: February 26, 2026



RAUF ALAM

Director



MUHAMMAD ISMAIL

Chief Financial Officer

FATEH INDUSTRIES LIMITED
Notes to the condensed Interim Financial Statements
For the 2nd Quarter ended December 31, 2025

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, 2025. These condensed interim financial statements are unaudited.

2.3 Comparative Financial Information

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, 2025, 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, 2024.

2.4 Basis of Measurement

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

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. The business operations are suspended and the current liabilities exceeds current assets by Rs.104.87 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 Company 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, 2025.

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, 2025.

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, 2025 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:

		Dec. 31, 2025	June. 30,
		----- Rupees -----	
<u>Name of Related</u>	<u>Nature of</u>		
Finishers Limited - Under Common Management	Power Cost Charges	1,200,000	2,400,000
Arino - Under Common Management	Sale of Goods	-	171,450
Arino - Under Common Management	Rental income	66,000	132,000
Branded Shop - Under Common Management	Rental income	66,000	132,000
Mr. Rauf Alam - Director	Loan received / (repaid)	(800,000)	-
Mr. Saeed Alam - Director	Loan received / (repaid)	(500,000)	(453,975)

6 DISCLOSURE REQUIREMENT FOR SHARIAH COMPLIANT COMPANIES

	Conventional	Shariah Compliant	Total
	----- Amount in Rupees -----		
<i>Statement of financial position</i>			
<i>Bank Al-Habib Limited</i>	721,726	-	721,726
<i>Habib Bank Limited</i>	44,211	-	44,211
<i>Statement of profit or loss</i>			
<i>Gain / (Loss) on remeasurement on investments</i>	190,181	(42,409)	147,772

7 FIGURES

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

7 DATE OF AUTHORISATION

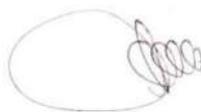
These condensed interim financial statements were authorised for issue on February 26, 2026 by the Board of Directors of the Company.



SAEED ALAM

Chief Executive

Hyderabad: February 26, 2026



RAUF ALAM

Director



MUHAMMAD ISMAIL

Chief Financial Officer

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, 2025, 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

There are no sales during the period, as well as subsequent period, which raises concerns that inventory may become obsolete and may not fetch normal selling price, therefore requires write down to realizable value. In the absence of any audit evidence to dispel the doubt, we are unable to conclude that inventories are reported at proper amounts.

We have been unable to receive balance confirmations for balances of trade creditors amounting to Rs. 3,411,654 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. Current liabilities exceeds current assets by Rs.104.87 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 Matters

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2025 and 2024 have not been reviewed as we were required to review only the cumulative figures for the half year ended December 31, 2025.

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 26, 2026

UDIN: RR202510149jhEbZKsOP