

Condensed Interim Financial Statements

**For the period ended
December 31, 2022**



**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, 2022.

During the period under review, there were no sale recorded due to non availability of orders. Company incurred Loss in respect of Administration expenses of Rs.1.14 million. Company earned income of Rs.41.80 million in respect of exchange gain on stuck up amount US\$:2.00 Million. After Financial and other charges of Rs. 0.08 million, Company earned profit before taxation of Rs.40.58 million. The accumulated profit remained at Balance Sheet is Rs.395.46 million. Earning per share for the half year ended is Rs.20.29.

for and on behalf of the Board

RAUF ALAM

Chief Executive

Hyderabad: February 23, 2023

Condensed Interim Statement of Financial Position
As at December 31, 2022

	Dec 31, 2022	Jun 30, 2022
	Un-Audited	Audited
	Rupees	
Non Current Assets		
Property, Plant and Equipments	10,852,887	11,023,267
Capital work in Progress	29,844,042	29,844,042
	40,696,929	40,867,309
Current Assets		
Trade Receivables	452,800,000	411,000,000
Advances, Deposits and Prepayments	1,365,934	1,365,934
Cash and Bank Balances	198,984	1,138,495
	454,364,918	413,504,429
Total	495,061,847	454,371,738
Share Capital & Reserves		
Share Capital	20,000,000	20,000,000
Revenue Reserves		
General reserve	53,500,000	53,500,000
Accumulated profit	395,388,547	354,807,438
	448,888,547	408,307,438
	468,888,547	428,307,438
Current Liabilities		
Trade and Other Payables	4,958,954	4,958,954
Loan from Directors	21,100,955	20,991,955
Provision for Taxation	113,391	113,391
	26,173,300	26,064,300
CONTINGENCIES AND COMMITMENTS - Note No.3		
Total	495,061,847	454,371,738

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

RAUF ALAM
Chief Executive

SAEED ALAM
Director

MUHAMMAD ISMAIL
Chief Financial Officer

Dated: February 23, 2023

Condensed Interim Statement of Profit or Loss & Comprehensive Income
For the Half Year Ended December 31, 2022
(Un-Audited)

	OCT-DEC 2022 Rupees	JUL-DEC 2022 Rupees	OCT-DEC 2021 Rupees	JUL-DEC 2021 Rupees
Sales	0	0	0	0
Less: Cost of sales	0	0	0	0
Gross Profit	0	0	0	0
Less: Administration expense	558,768	1,142,790	409,816	722,671
	(558,768)	(1,142,790)	(409,816)	(722,671)
Add: Other Income			102,040	102,040
Exchange (Loss) / Gain	(6,100,000)	41,800,000	14,010,200	39,812,600
Operating (Loss) / Profit	(6,658,768)	40,657,211	13,702,424	39,191,969
Less: Financial expenses	684	1,102	503	1,328
Other charges	75,000	75,000	75,000	75,000
	75,684	76,102	75,503	76,328
(Loss) / Profit before Taxation	(6,734,452)	40,581,109	13,626,921	39,115,641
Taxation	0	0	0	0
Net (Loss) / Profit after Taxation	(6,734,452)	40,581,109	13,626,921	39,115,641
Other comprehensive income	0	0	0	0
Total Comprehensive (Loss)/ Profit for the Period	(6,734,452)	40,581,109	13,626,921	39,115,641
(Loss)/ Earning per share - Basic and Diluted	(3.37)	20.29	6.81	19.56

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

RAUF ALAM

Chief Executive

SAEED ALAM

Director

MUHAMMAD ISMAIL

Chief Financial Officer

Dated: February 23, 2023

Condensed Interim Statement of Cash Flows
For the Half Year Ended December 31, 2022

	31-12-2022 RUPEES	31-12-2021 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	40,581,109	39,115,641
Adjustments for:		
Depreciation	170,381	189,439
Operating profit/(loss) before working capital changes	40,751,489	39,305,080
(Increase) / Decrease in current assets		
Trade Receivables	(41,800,000)	(39,812,600)
Advances, deposits and prepayments	0	0
	(1,048,511)	(507,520)
Increase / (Decrease) in current liabilities		
Trade and other payables	0	(307,819)
Cash generated from / (used in) operations	(1,048,511)	(815,339)
Tax deducted at source / paid	0	(38,217)
Net (used in) operating activities	(1,048,511)	(853,556)
CASH FLOW FROM INVESTING ACTIVITIES		
Addition to Capital work in progress	0	(1,515,700)
Net (used in) investing activities	0	(1,515,700)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase / (Decreases) in Loan from directors	109,000	145,000
Net Cash from financing activities	109,000	145,000
Net (Decrease) in cash and cash equivalents	(939,511)	(2,224,256)
Cash and cash equivalent at the beginning of the period	1,138,495	4,016,278
Cash and cash equivalent at the end of the period	198,984	1,792,022

RAUF ALAM

Chief Executive

Dated: February 23, 2023

SAEED ALAM

Director

MUHAMMAD ISMAIL

Chief Financial Officer

Condensed Interim Statement of Changes in Equity
For the Half Year Ended December 31, 2022

	<u>Amount in Rupees</u>			
	Share Capital	General Reserve	Accumulated (Loss)	Total
Balance as on July 1, 2021	20,000,000	53,500,000	260,968,055	334,468,055
Profit for the period	0	0	39,115,641	39,115,641
Other Comprehensive income for the period	0	0	0	0
	0	0	39,115,641	39,115,641
Balance as on December 31, 2021	20,000,000	53,500,000	300,083,696	373,583,696
Balance as on July 1, 2022	20,000,000	53,500,000	354,807,438	428,307,438
Profit for the period	0	0	40,581,109	40,581,109
Other Comprehensive income for the period	0	0	0	0
	0	0	40,581,109	40,581,109
Balance as on December 31, 2022	20,000,000	53,500,000	395,388,547	468,888,547

RAUF ALAM
Chief Executive

SAEED ALAM
Director

MUHAMMAD ISMAIL
Chief Financial Officer

Dated: February 23, 2023

Notes to the condensed Interim Financial Statements:

For the Half Year ended December 31, 2022

1. CORPORATE AND GENERAL INFORMATION

The company was incorporated on May 20, 1984, 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 is to manufacture ready-made garments for selling them locally as well as exporting. The Registered office is situated at 442, Mirpurkhas Road, Hyderabad.

The manufacturing activities had remained suspended since 2003. The manufacturing activities were commenced during the year 2013 for supplying goods to local and foreign customers, but due to scarce financial resources the operations were not viable, hence operations were closed in March 2015. The core reason for non-production is blockage of funds with Russia at 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. The manufacturing activities could not be profitably carried out with scarce financial resources, hence to mitigate the operational and administrative costs, operations had remained closed. The Company has planned to operate banquet hall, and has incurred a capital expenditure to the tune of Rs.29.3 million, and the work is still in progress.

2. BASIS FOR 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, 2022. 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, 2022, 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, 2021.

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 2015.

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

Foreign debtors with Russia were blocked due to delinkage 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 Appellate Board, vide order dated 24.04.2017 has annulled and set aside the said order and directed the adjudication officer to pass afresh speaking and final order on all legal and factual grounds and further directed to 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 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 the Federation, an amount of USD 3,200,000 was placed at the disposal of the Company, out of which an amount of USD 1,200,000 (Rs.190,560,000) including sea freight compensation has been received during the year ended June 30, 2020.

Thus the Company has been able to generate net positive cash flows from operations and provision for expected credit losses has been reversed. The unappropriated profit as on the closing date stands at Rs.395.39 million in contrast to accumulated loss and adverse current ratio two years back. The management is to restart the operations viably a new. The Company has planned to operate banquet hall, and has incurred a capital expenditure to the tune of Rs.29.8 million, and the work is still in progress, to cover fixed costs. 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 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.

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, 2022.

2.6 Accounting Estimates and Judgments

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, 2022.

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, 2022 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:

<u>Name of Related Party</u>	<u>Nature of Transaction</u>	31-Dec-22	31-Dec-21
		<u>Rupees</u>	
Rauf Alam - Director	Loan received / (Repaid)	81,000	-
Saeed Alam - Director	Loan received / (Repaid)	28,000	145,000

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 authorized for issue on February 23, 2023 by the Board of Directors of the Company.

RAUF ALAM

Chief Executive

Dated: February 23, 2023

SAEED ALAM

Director

MUHAMMAD ISMAIL

Chief Financial Officer

Hafizullah & Co.

CHARTERED ACCOUNTANTS

Nelsons Chamber, 1st Floor, I.I. Chundrigar Road, Karachi.
Phone : 32629515 / 18, Fax : 32212373 E-mail: info@rahimjan.com

INDEPENDENT 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, 2022**, the related condensed interim statement of profit or loss and statement of other 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

We have qualified our audit opinion on the financial statements for the half year ended December 31, 2022, because we had been unable to receive confirmations for:

(i) balances of trade receivables amounting to Rs.452,800,000 and Rs. 4,958,954 under the head trade and other payables, have remained unverified.

(ii) Balance confirmations from some banks also could not be received. We verified the balances with original bank statements, but could not ensure that there are no undisclosed liabilities or contingent liabilities with these banks. Therefore our conclusion on the condensed interim financial statements is also qualified because of the effect of this matter on the comparability of the interim statement of financial position and the corresponding statement of financial position.

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 situation described above, based on our review, nothing has come to our attention that causes us to believe that the accompanying 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 condensed interim financial statements, which states that these financial statements have been prepared on going concern basis, yet there are conditions which 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 other comprehensive income for the quarters ended December 31, 2021 and 2022 have not been reviewed as we were required to review only the cumulative figures for the half year ended December 31, 2022.

The engagement partner on the review resulting in this independent auditor's review report is BADAR-UR-RAHMAN.

Date:
UDIN: RR202210294T6c8XuVGJ


HAFIZULLAH & CO.
Chartered Accountants
Karachi.