



Fateh Textile Mills Limited

Company Information

Board of Directors

Mr. Gohar Ullah	Chairman
Mr. Asad Ullah Barkat	
Mr. Humayun Barkat	Chief Executive
Mr. Maqsood Ahmed Khan	
Mr. Muhammad Saleem	
Mr. Abdul Razzak Memon	
Mr. Muhammad Ayub	NIT Nominee

Company Secretary

Mr. Muhammad Nadeem Aqeel

Audit Committee

Mr. Gohar Ullah	Chairman
Mr. Maqsood Ahmed Khan	Member
Mr. Abdul Razzak Memon	Member

External Auditors

M/s. Rahim Jan & Co.
Chartered Accountants,
Karachi.

Bankers

Allied Bank Limited
Askari Bank Limited
Deutsche Bank
Habib Bank Limited
Meezan Bank Limited
Metropolitan Bank Limited
MCB Bank Limited
National Bank of Pakistan
Standard Chartered Bank

Registered Office

A/4, Hali Road, S.I.T.E., Hyderabad - Sindh.
Phone No: 022-3880463-66
Fax No: 022-3880042 & 3880514
E-mail: fatehmills@aol.com
URL: www.ftml.com.pk

Liaison Office

114-A, S.M.C.H.S., Near Mehdi Tower,
Shahra-e-Faisal, Karachi.

Mills

Hali Road, S.I.T.E., Hyderabad - Sindh,
Pakistan.



BOARD'S REVIEW TO THE MEMBERS

Dear Members,

For and on behalf of the Board of Directors it gives me pleasure to present before you the un-audited financial statements of the company for the 3rd quarter ended on March 31, 2008.

Textile industry in general continued to face a tough time throughout the period under review. Apart from increasing of input cost, the intense competition from regional players keen on taking a market share, even if at a loss, continued to provide a challenging environment for your Company.

Financial Results:

During the period under review, your company has achieved net Sales of Rs 1,028,812,251/- a reduction up to 36% as compared to Rs 1,614,077,530/- during the corresponding period of the last year, achieving a gross profit of Rs 84,760,020/-.

After charging administration, selling, financial expenses and adding other income the Company suffered pre-tax loss of Rs.28,746,070/-. An amount of Rs.5,600,000/- was provided for the current year taxation. Your Company thus, suffered a net loss of Rs.34,346,070/- resulting a negative earning per share of Rs.(27.48).

The Election of Directors held during the period and following persons were elected as Directors on the Board for a next term of three year.

Mr. Gohar Ullah	Chairman
Mr. Asad Ullah Barkat	Director
Mr. Humayun Barkat	Chief Executive
Mr. Maqsood Ahmed Khan	Director
Mr. Muhammad Saleem	Director
Mr. Abdul Razzak Memon	Director

In compliance with the requirements of the Code of Corporate Governance, an Audit Committee has been established which comprise the following members:

Mr. Gohar Ullah	Chairman
Mr. Maqsood Ahmed Khan	Member
Mr. Abdul Razzak Memon	Member

Your management is very concerned with the current situation, its impact on the financial viability of the Company and committed for improving performance through costs consciousness, sustainable quality growth and to attain better selling prices.

Hyderabad 27th April 2008

GOHAR ULLAH
Chairman
Board of Directors

**BALANCE SHEET AS AT
MARCH 31, 2008 (UN-AUDITED)**

CAPITAL & LIABILITIES

SHARE CAPITAL AND RESERVES

Authorised Capital
2,000,000 ordinary shares of Rs. 10/- each

March , 2008
Rupees

June, 2007
Rupees

20,000,000

20,000,000

Issued, subscribed and paid up share capital
General reserve
Investment revaluation reserve
Unappropriated profit

12,500,000
1,481,000,000
4,196,092
(6,328,444)
1,491,367,648

12,500,000
1,481,000,000
4,196,092
11,774,065
1,509,470,157

**SURPLUS ON REVALUATION OF
FIXED ASSETS**

1,222,226,464

1,272,106,756

LOAN SUBORDINATE TO EQUITY

51,000,000

51,000,000

LONG TERM LOANS

1,547,672,692

1,547,672,692

**LIABILITIES AGAINST ASSETS SUBJECT
TO FINANCE LEASE**

128,849,263

97,252,804

DEFERRED LIABILITIES

Provision for gratuity
Deferred Taxation

12,270,470
26,000,000
38,270,470

13,764,613
26,000,000
39,764,613

CURRENT LIABILITIES

Trade and other payable
Mark-up on secured finances
Short term running finances
Current portion of long term liabilities
Provision for taxation

546,773,626
917,685,560
2,820,099,033
226,268,149
27,899,379
4,538,725,747

531,927,857
730,210,346
1,885,484,238
229,681,153
26,286,291
3,403,589,885

9,018,112,284

7,920,856,907

PROPERTY & ASSETS

FIXED ASSETS TANGIBLE

Operating fixed assets

2,180,309,746

2,300,148,442

LONG TERM INVESTMENTS

528,134,792

528,134,792

LONG TERM DEPOSITS

3,817,546

3,817,546

CURRENT ASSETS

Stores, spare parts and loose tools
Stock in trade
Trade debts
Advances, deposits and prepayments
Other receivables
Cash and bank balances

61,423,267
2,509,558,070
3,471,465,180
77,450,771
148,748,206
37,204,706
6,305,850,200

86,446,765
2,267,553,713
2,335,579,503
75,236,396
267,067,216
56,872,534
5,088,756,127

9,018,112,284

7,920,856,907



**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED MARCH 31, 2008
(UN-AUDITED)**

	Quarter Ended March 31, 2008 Rupees	Period Ended March 31, 2008 Rupees	Quarter Ended March 31, 2007 Rupees	Period Ended March 31, 2007 Rupees
Sales	1,028,812,251	4,222,100,379	1,614,077,530	5,217,610,886
Cost of Sales	944,052,231	3,885,785,581	1,452,059,379	4,731,373,968
Gross Profit	84,760,020	336,314,798	162,018,151	486,236,918
Administration and selling expenses	30,699,514	98,084,910	43,403,604	142,837,976
Operating profit	54,060,506	238,229,888	118,614,547	343,398,942
Other income	7,898,058	12,589,758	773,935	1,496,459
Profit before financial expenses & other charges	61,958,564	250,819,646	119,388,482	344,895,401
Financial expenses	91,383,658	244,546,344	97,475,382	259,385,029
Other charges	(679,024)	3,175,811	2,858,067	10,375,796
	90,704,634	247,722,155	100,333,449	269,760,825
Profit/(loss) before taxation	(28,746,070)	3,097,491	19,055,033	75,134,576
Provision for taxation				
Current	5,600,000	21,200,000	7,600,000	26,100,000
Profit/(loss) after taxation	(34,346,070)	(18,102,509)	11,455,033	49,034,576
Unappropriated profit brought forward	28,017,626	11,774,065	38,686,182	10,481,639
	(6,328,444)	(6,328,444)	50,141,215	59,516,215
Final dividend payment (2007 Rs. 7.5 per share)	0	0	0	9,375,000
Unappropriated profit/(Loss) carried forward	(6,328,444)	(6,328,444)	50,141,215	50,141,215
Earning/(loss) per share	(27.48)	(14.48)	9.16	39.23

The notes given below form an integral part of these accounts

Notes:

- Fateh Textile Mills Limited was incorporated in Pakistan as private limited company in 1952 and converted into public limited company in 1960 and subsequently listed on the Karachi Stock Exchange. The company is engaged in the business of manufacturing, bleaching, dyeing, printing, buying, selling and dealing in yarn, cloth, ready made garments and bed wear items made from cotton and polyester fiber.
- These accounts are un-audited and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of IAS - 34.
- The accounting policies adopted by the company for preparation of these accounts are the same as those applied for the annual accounts.
- Other charges include workers' profit participation fund allocation which is provisional and the final liability will be determined on the basis of annual results and that actuarial valuation for provision for gratuity is yet to be made which has been incorporated an adhoc basis.
- Provision for taxation represents the amount of provision for minimum tax as required by the Income Tax Ordinance, 2001. However, the final tax liability will be calculated at the end of the year after consideration of assessment completed and the available tax credits, if any.
- Contingencies and commitments for letters of credit other than for capital expenditure amounting to Rs. 7.069 million and payment against documents (PAD) Rs. 11.441 million.
- The company is contesting a number of cases under foreign exchange regulation in respect of non - repatriation of export proceeds. However, the legal advisor of the company has opined that no financial loss is expected.
- These accounts have been authorized by the Board for issue on 27th April, 2008.

HUMAYUN BARKAT
CHIEF EXECUTIVE

MUHAMMAD SALEEM
DIRECTOR

**CASH FLOW STATEMENT
FOR PERIOD ENDED MARCH 31, 2008**

CASH FROM OPERATING ACTIVITIES	March, 2008 Rupees	March, 2007 Rupees
Net profit before taxation	3,097,491	75,134,576
Adjustment for:		
Depreciation	71,146,665	79,144,423
Profit on bank deposits	0	(162,499)
Provision for gratuity	900,000	1,000,000
Dividend Income	(76,342)	(35,820)
Financial charges	242,296,735	255,205,885
Cash generated before working capital change	317,364,549	410,286,565
Change In Working Capital (INCREASE)/ DECREASE IN CURRENT ASSETS		
Stores, spares and loose tools	25,023,498	4,327,688
Stock-in-trade	(242,004,357)	(69,775,361)
Trade debts	(1,135,885,677)	(157,143,647)
Advances, deposits & prepayments	(2,214,375)	(26,047,482)
Other receivable	118,319,010	(115,791,700)
INCREASE / (DECREASE) IN CURRENT LIABILITIES		
Trade and other payable	36,108,361	34,573,671
	(1,200,653,540)	(329,856,831)
Cash generated from operations	(883,288,991)	80,429,734
Gratuity paid	(2,394,143)	(3,377,810)
Taxes paid	(19,586,913)	(33,400,792)
	(21,981,056)	(36,778,602)
Net cash generated from operations (OUTFLOW)/ INFLOW DUE TO INVESTING ACTIVITIES	(905,270,047)	43,651,132
Additions in Fixed Assets	(1,188,263)	(12,656,020)
Dividend received	76,342	35,820
Profit on bank deposits received	0	162,499
	(1,111,921)	(12,457,701)
INFLOW / (OUTFLOW) DUE TO FINANCING ACTIVITIES		
Repayment of long term loan	0	(167,386,200)
Repayment of finance lease	(35,388,787)	(34,787,836)
Increase in finance lease	42,309,652	2,629,045
Payment of dividend	0	(9,375,000)
Financial charges paid	(54,821,521)	(316,138,347)
	(47,900,656)	(525,058,338)
Net Increase in cash and its equivalent during the period	(954,282,624)	(493,864,907)
Cash & cash equivalent at the beginning of the period	(1,828,611,704)	(1,276,004,701)
Cash & cash equivalent at the end of the period	(2,782,894,328)	(1,769,869,608)
CASH & CASH EQUIVALENT		
Cash & bank balances	37,204,706	35,330,725
Short term bank borrowings	(2,820,099,034)	(1,805,200,333)
	(2,782,894,328)	(1,769,869,608)

HUMAYUN BARKAT
CHIEF EXECUTIVE

MUHAMMAD SALEEM
DIRECTOR

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2008**

(Amount in Rs.)

	Paid-up Capital	General Reserve	Surplus on Revaluation of Investments	Unappropriated Profit	Total
Balance as at July 01, 2006	12,500,000	1,441,000,000	2,482,378	10,481,639	1,466,464,017
Net profit for the nine months ended March 31, 2007	0	0	0	49,034,576	49,034,576
Less: Dividend Payment	0	0	0	(9,375,000)	(9,375,000)
Balance as at March 31, 2007	<u>12,500,000</u>	<u>1,441,000,000</u>	<u>2,482,378</u>	<u>50,141,215</u>	<u>1,506,123,593</u>
Balance as at July 01, 2007	12,500,000	1,481,000,000	4,196,092	11,774,065	1,509,470,157
Net profit for the nine months ended on March 31, 2007	0	0	0	(18,102,509)	(18,102,509)
Balance as at March 31, 2008	<u>12,500,000</u>	<u>1,481,000,000</u>	<u>4,196,092</u>	<u>(6,328,444)</u>	<u>1,491,367,648</u>

HUMAYUN BARKAT
CHIEF EXECUTIVE

MUHAMMAD SALEEM
DIRECTOR