

Fateh

Quarterly Report
30th September 2007



Fateh Textile Mills Limited

Company Information

Board of Directors

Mr. Gohar Ullah	Chairman
Mr. Asad Ullah Barkat	Chief Executive
Mr. Humayun Barkat	
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. Humayun Barkat	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

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,

The Directors of your Company are pleased to present before you the unaudited quarterly financial statements of the Company for the first quarter ended on 30th September 2007.

During the quarter under review, your company has achieved net Sales of Rs. 1,618,850,803/- as compared to Rs. 1,741,390,576/- during the corresponding period of the last year over which a gross profit of Rs. 129,445,414/- was realized.

Profitability of your company was affected due to reduction in sales and increase in cost of production as compared to the corresponding figures of the same quarter of last year. However, administration and financial expenses have declining trend due to better management control. After charging administration, selling, financial and other charges and adding other Income, your Company earned a profit before taxation of Rs. 24,096,014/- and the net profit after the provision of Rs. 8,100,000/- in respect of taxation, stood at Rs. 15,996,014/-.

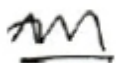
Raising of raw material and fuel & power cost have adverse impact on the profitability of your company. Despite the adverse business conditions prevailing in the market your Directors will continue every effort to improve the profitability of the Company and foresees better results in the remaining period of the year.

GOHAR ULLAH
Chairman
Board of Directors

Hyderabad 28th October 2007

**BALANCE SHEET AS AT
SEPTEMBER 30, 2007 (UN-AUDITED)**

	September, 2007 Rupees	June, 2007 Rupees
CAPITAL & LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised Capital 2,000,000 ordinary shares of Rs. 10/- each	20,000,000	20,000,000
Issued, subscribed and paid up share capital	12,500,000	12,500,000
General reserve	1,481,000,000	1,481,000,000
Investment revaluation reserve	4,196,092	4,196,092
Unappropriated profit	27,770,079	11,774,065
	1,525,466,171	1,509,470,157
SURPLUS ON REVALUATION OF FIXED ASSETS	1,255,479,993	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	11,780,180	13,764,613
Deferred Taxation	26,000,000	26,000,000
	37,780,180	39,764,613
CURRENT LIABILITIES		
Trade and other payable	528,781,237	531,927,857
Mark-up on secured finances	754,276,299	730,210,346
Short term running finances	2,043,333,102	1,885,484,238
Current portion of long term liabilities	226,046,205	229,681,153
Provision for taxation	30,905,576	26,286,291
	3,583,342,419	3,403,589,885
	8,129,590,718	7,920,856,907
PROPERTY & ASSETS		
FIXED ASSETS TANGIBLE		
Operating fixed assets	2,260,809,103	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	74,171,098	86,446,765
Stock in trade	2,213,144,443	2,267,553,713
Trade debts	2,660,986,341	2,335,579,503
Advances, deposits and prepayments	80,823,064	75,236,396
Other receivables	271,035,175	267,067,216
Cash and bank balances	36,669,156	56,872,534
	5,336,829,277	5,088,756,127
	8,129,590,718	7,920,856,907



ASAD ULLAH BARKAT
CHIEF EXECUTIVE



MAQSOOD AHMED KHAN
DIRECTOR

Hyderabad: 28th October 2007

**PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED SEPTEMBER 30, 2007
(UN-AUDITED)**



	September 2007 Rupees	September 2006 Rupees
Sales	1,618,850,803	1,741,390,576
Cost of Sales	1,489,405,389	1,588,202,122
Gross Profit	129,445,414	153,188,454
Administration and selling expenses	35,497,652	44,071,883
Operating profit	93,947,762	109,116,571
Other income	3,583,434	222,712
Profit before financial expenses & other charges	97,531,196	109,339,283
Financial expenses	71,017,668	78,916,786
Other charges	2,417,514	3,902,882
Profit before taxation	73,435,182	82,819,668
Provision for taxation	24,096,014	26,519,615
Profit after taxation	8,100,000	9,000,000
Unappropriated profit brought forward	15,996,014	17,519,615
	11,774,065	10,481,639
General reserve	27,770,079	28,001,254
Unappropriated profit carried forward	0	0
Earning per share	27,770,079	28,001,254
	12.80	14.02

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.
- 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. 39.369 million, and payment against documents (PAD) 1.324 million and local Rs. 10.400 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 28th October, 2007.

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MAQSOOD AHMED KHAN
DIRECTOR

**CASH FLOW STATEMENT
FOR THE QUARTER ENDED SEPTEMBER 30, 2007**

	September, 2007 Rupees	September, 2006 Rupees
CASH FROM OPERATING ACTIVITIES		
Net profit before taxation	24,096,014	26,519,615
Adjustment for:		
Depreciation	23,710,805	26,103,086
Dividend Income	(3,796)	0
Financial charges	69,673,358	78,011,224
Cash generated before working capital change	117,476,381	130,633,925
Change In Working Capital (INCREASE)/ DECREASE IN CURRENT ASSETS		
Stores, spares and loose tools	12,275,667	2,602,057
Stock-in-trade	54,409,270	114,813,916
Trade debts	(325,406,838)	(393,187,293)
Advances, deposits & prepayments	(5,586,668)	(12,104,923)
Other receivable	(3,967,959)	(63,247,921)
INCREASE / (DECREASE) IN CURRENT LIABILITIES		
Trade and other payable	17,055,522	(4,047,114)
	(251,221,006)	(355,171,278)
Cash generated from operations	(133,744,625)	(224,537,353)
Gratuity paid	(1,984,433)	(862,350)
Taxes paid	(3,480,714)	(8,152,243)
	(5,465,147)	(9,014,593)
Net cash generated from operations (OUTFLOW)/ INFLOW DUE TO INVESTING ACTIVITIES	(139,209,772)	(233,551,946)
Additions in Fixed Assets	(998,231)	(100,905,426)
Dividend received	3,796	0
Capital work - in - progress	0	96,755,909
	(994,435)	(4,149,517)
INFLOW / (OUTFLOW) DUE TO FINANCING ACTIVITIES		
Repayment of long term loan	0	(81,943,100)
Repayment of finance lease	(34,550,281)	(4,348,592)
Increase in finance lease	42,309,652	0
Financial charges paid	(45,607,406)	(76,086,486)
	(37,848,035)	(162,378,178)
Net Increase in cash and its equivalent during the period	(178,052,242)	(400,079,641)
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	(2,006,663,946)	(1,676,084,342)
CASH & CASH EQUIVALENT		
Cash & bank balances	36,669,156	95,487,057
Short term bank borrowings	(2,043,333,102)	(1,771,571,399)
	(2,006,663,946)	(1,676,084,342)



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MAQSOOD AHMED KHAN
DIRECTOR



**STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2007**

(Amount in Rs.)

	Paid-up Capital	General Reserve	Surplus on Revaluation of Investments	Unappropriated Profit	Total
Balance as at June 30, 2007	12,500,000	1,481,000,000	4,196,092	11,774,065	1,509,470,157
Net profit for the quarter ended September 30, 2007	0	0	0	15,996,014	15,996,014
Balance as at September 30, 2007	<u>12,500,000</u>	<u>1,481,000,000</u>	<u>4,196,092</u>	<u>27,770,079</u>	<u>1,525,466,171</u>
Balance as at September 30, 2006	<u>12,500,000</u>	<u>1,441,000,000</u>	<u>2,482,378</u>	<u>28,001,254</u>	<u>1,483,983,632</u>

ASAD ULLAH BARKAT
CHIEF EXECUTIVE

MAQSOOD AHMED KHAN
DIRECTOR