

FATEH INDUSTRIES LIMITED

Annual Reports 2002

Notice of Annual General Meeting

Notice is hereby given that the 17th Annual General Meeting of the Shareholders of FATEH INDUSTRIES LIMITED, will be held on Monday the 14th October, 2002 at 8.30 a.m. at the registered office of the Company at Mirpurkhas Road, Hyderabad for the purpose of transacting the following business:-

1. To confirm the minutes of the last Extraordinary General Meeting of the Company held on 24th June, 2002
2. To receive, consider and adopt the Audited Accounts for the year ended 30th June, 2002 together with Directors and Auditors Reports thereon.
3. To appoint Auditors for the year 2002-2003 and fix their remuneration.
4. Any other business with the permission of the chair.

By order of the Board

FATEH INDUSTRIES LIMITED

Muhammad Nisar

Company Secretary

Hyderabad

23rd September, 2002

NOTES:

1. The Share transfer books of the Company will remain closed for 7 days from 8th to 14th October, 2002 (both days inclusive).
2. Any member of the Company who is entitled to attend and vote may appoint any other member of the Company as his/her Proxy to attend and vote in his / her stead.
3. Proxies in order to be effective must be received by the Company at the Registered Office not later than 48 hours before the time of holding the meeting.
4. Shareholders are required to notify the change of their address, if any, immediately.

Company Information

MANAGING DIRECTOR & CHIEF EXECUTIVE

Mr. Saeed Alam

DIRECTORS

Mr. Rauf Alam

Mr. Aftab Alam

Mr. Muhammad Mohsin

Mr. Muhammad Naveed

Mrs. Jamila Alam

Mrs. Najma Roshan

SECRETARY

Mr. Muhammad Nisar

CHIEF FINANCIAL OFFICER

Mr. Muhammad Ishaque Essani

AUDIT COMMITTEE

Mr. Rauf Alam (Chairman)
 Mr. Muhammad Mohsin (Member)
 Mr. Muhammad Naveed (Member)

AUDITORS

M/s. Shahid Hussain & Co.
 Chartered Accountants,
 Karachi.

BANKERS

United Bank Limited.

REGISTERED OFFICE

Mirpurkhas Road,
 Hyderabad.

BRANCH OFFICE

7th Floor, Suit #. 706,
 Business & Finance Centre,
 I.I. Chundrigar Road,
 Karachi.

PLANT

Mirpurkhas Road,
 Hyderabad.

Director's Report To The Members

On behalf of the Board of Directors I welcome you on the 17th Annual General Meeting of your Company M/S. FATEH INDUSTRIES LIMITED, and present before you the audited accounts and Auditors' Report for the year ended on June 30, 2002.

Key operating figures are set out below

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
Sales	84,622	22,685	23,086	-	-	-
Gross Profit / (Loss)	19,658	(7,126)	7,553	-	-	-
Selling & Administration Expenses	10,295	11,240	5,680	34,553	31,966	0
Profit / (loss) before Taxation	(5,163)	(26,892)	(11,213)	(41,048)	(31,980)	(0)

The operational activities remained suspended due to lack of working capital. There are no expenses accrued during the current year except for Rs. 0.160 million on account of taxes, fee, legal / professional charges.

The Company has realized net profit of Rs. 1.456 million due to reversal of tax provisions after finalization of past assessments. ^

Accumulated loss of Rs. 131 million has been transferred to Balance Sheet.

AUDITORS OBSERVATION

We would also like to mentioned that the depreciation, for the year not charged due to suspension of production. The Interest charges on loans not accounted for. The management of the Company is negotiating with the bank for compromise settlement. Once the settlements of loans reached, appropriate provision of

markup will be made.

Deferred Tax liability is not accounted for as the difference of W.D.V. due to accelerated tax depreciation is unlikely to reverse.

The management of the Company prepared these accounts on a going concern basis and will financially support the company.

The Pattern of Shareholding required under section 236 of the Companies Ordinance, 1984 is annexed.

The retiring Auditors M/s. Shahid Hussain & Company, Chartered Accountants, being eligible offer themselves for reappointment.

During the year. Company has held four (04) Board of Director's Meetings.

We give below statements on corporate and financial reporting frame work.

- The financial statements presents fairly its state of affairs.
- The Company maintain proper books of accounts and accounting policies constantly applied except policy of depreciation due to non production. The management of the Company also not accounted for deferred taxation as the income of the company covered under presumption tax regime.
- The International Accounting Standards, as applicable in Pakistan, have been followed in preparation of Financial Statements and any departure therefrom has been adequately disclosed.
- The System of Internal Control which was in place, is being continuously reviewed by internal audit and other such procedures. The process of review will continue with the objective to further improve.
- There are no significant doubts upon the company's ability to continue as a going concern due to Financial support from the Directors..
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Dated: 16th September, 2002

SAEED ALAM
CHAIRMAN
BOARD OF DIRECTORS

Auditors's Report To The Members.

We have audited the annexed balance sheet of M/s. Fateh Industries Limited as at 30th June, 2002 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit

includes examining, on a test basis, evidence supporting the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and after due verification, we report that:

1. The company has incurred income Rs. 1.456 million due to reversal of tax provision necessary after finalization of tax assessments. The accumulated loss upto June 30, 2002 is Rs. 131.066 million which has resulted in net capital deficiency of Rs. 111.066 million. The current liabilities exceeded current assets by Rs. 190.342 million. The accounts have been prepared this year also on a going concern basis validity of which depends on the support from directors of the company towards providing working capital and other Finance in the absence of which the basis would not be valid and adjustment would have to be made for any gain or loss arising on realisation of company's assets.

2. That the charge of depreciation for the year has not been provided as mentioned in note 2.2 to the accounts. Had the depreciation been charged on the generally accepted accounting principles, loss for the year would have been Rs. 8.067 million and accumulated loss would have been Rs. 140.588 million.

3. That the company does not account for deferred tax liability as mentioned in note 2.3, however, had it been accounted for an amount of Rs. 2.810 million would be charge in the income.

4. The company has not accrued financial charges which is against the generally accepted accounting policies.

a) In our opinion, proper books of account have been kept by the company as required by the companies Ordinance, 1984:

b) in our opinion:

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies, except for the change as stated in note 2.2, and 2.3 to the accounts and para 4 above with which we do not concur:

ii) the expenditure incurred during the year was for the purpose of the Company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statements and statements of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required, because of the significance of the matters referred to in para 1 to 4 above we do not express an opinion on the state of the Company's affairs as at 30th June, 2002 and of the profit, its cash flows and changes in equity for the year than ended;

and

in our opinion, no Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980)

Dated : September 16, 2002

SHAHID HUSSAIN & CO.
Chartered Accountant

**STATEMENT OF COMPLIANCE WITH
BESTS PRACTICES OF CORPORATE GOVERNANCE.**

The Company is in process of implementing all facets of the Code of Corporate Governance issued by the Karachi Stock Exchange and the Board feel pleasure in stating that provisions of the Code, relevant for the year ended June 30, 2002, have been duly complied with.

**REVIEW REPORT TO THE MEMBERS ON
STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF
CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2002 prepared by the Board of Directors of Fateh Industries Limited, to comply with the relevant listing Regulations of the Karachi Stock Exchange where the Company is listed.

The responsibility for compliance with Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review to the extent where such compliance can be objectively verified, whether the Statement of compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls or to form and opinion on the effectiveness of such internal controls the Company's corporate governance procedures and risks.

Based on our review, the company has so far appointed Chief Financial Officer, Company Secretary and formed Audit Committee with the best practices contained in the Code of Corporate Governance.

Dated : September 16,2002

SHAHID HUSSAIN & CO.
Chartered Accountants

Balance Sheet As At June 30 , 2002

	NOTE	30-06-2002 RUPEES	30-06-2001 RUPEES
CAPITAL & LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Capital			
10,000,000 ordinary Shares ofRs. 10/- each		100,000,000	100,000,000
Issued, subscribed and paid up share capital	3	20,000,000	20,000,000
General reserve	4	-	-
Unappropriated loss		(131,065,671)	(132,521,776)
		(111,065,671)	(112,521,776)
LONG TERM LOAN	5	19,138,956	19,138,956
CURRENT LIABILITIES			
Current portion of long term liabilities	6	-	-
Short term running finances	7	277,021,151	245,319,772

Creditors, accrued and other liabilities	8	41,939,093	74,075,978
Provision for taxation	9	-	200,000
		318,960,244	319,595,750
CONTINGENCIES AND COMMITMENTS	10		
		227,033,529	226,212,930

Notes:

1. The annexed notes form an integral part of these accounts.

2. Auditor's report is attached

SAEED ALAM

Dated: 16th September, 2002 Chief Executive

	NOTE	30-06-2002 RUPEES	30-06-2001 RUPEES
PROPERTY & ASSETS			
TANGIBLE FIXED ASSETS			
Operating fixed assets	11	98,398,115	98,398,115
LONG TERM INVESTMENTS	12	17,566	17,566
CURRENT ASSETS			
Stores, spare parts and loose tools	13	8,158,130	8,158,130
Stock-in-trade	14	9,172,038	9,172,038
Trade debts	15	57,992,049	58,120,352
Advances, deposits and prepayments	16	10,163,555	9,210,517
Other receivables	17	43,045,828	43,045,828
Cash and bank balances	18	86,248	90,384
		128,617,848	127,797,249
		227,033,529	226,212,930

RAUFALAM

Director

SHAHID HUSSAIN & CO.

Chartered Accountant

Profit & Loss Account For The Year Ended June 30 , 2002

	NOTE	30-06-2002 RUPEES 0	30-06-2001 RUPEES 0
Sales			
Cost of Sales	20	-	-
Gross Profit		-	-
Administration Expense	21	145,636	31,965,828
Selling Expense	22	-	-
		145,636	31,965,828
Operating Loss		(145,636)	(31,965,828)
Other Income	23	665	610
		(144,971)	(31,965,218)
Financial Expenses	24	100	-
Other Charges	25	15,000	15,000
		15,100	15,000
Prior Period Adjustment			
Loss before Taxation		(160,071)	(31,980,218)
Taxation			
Current		-	-
Prior		1,616,176	-
		1,616,176	-
Profit / (Loss) after Taxation		1,456,105	(31,980,218)

Unappropriated (Loss) brought forward	(132,521,776)	(130,541,558)
(Loss) Available for appropriations	(131,065,671)	(162,521,776)
Appropriations		
Transfer f General Reserve	-	30,000,000
Unappropriated Loss carried to Balance Sheet	(131,065,671)	(132,521,776)

Note: The annexed notes form an integral part of these accounts.

SAEEDALAM
Chief Executive

RAUFALAM
Director

SHAHDO HUSSAIN & CO.
Chartered Accountants

Dated: 16th September, 2002

Statement of changes in financial position for the year ended June 30 2002

(Cash Flow Statement)

	NOTE	30-06-2002 RUPEES	30-06-2001 RUPEES
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	A.	(31,732,844)	96,365
Return on investment and servicing of finance:			
Markup / interest paid		-	-
Dividend paid		-	-
Gratuity paid		-	-
Net cash outflow from return on investment and servicing of finance		-	-
Taxation			
Tax Refunded		26,664	(100,330)
Net cash flow from taxation		26,664	(100,330)
Investing activities			
Dividend received		665	610
Fixed Capital Expenditure		-	-
		665	610
Net Cash Flow from investing activities		(31,705,515)	(4,575)
Financing activities			
Increase / (Decrease) in short term borrowing		31,701,379	-
Net cash flow from financing activities		31,701,379	-
Increase / (decrease) in cash & cash equivalent	B.	(4,136)	(4,575)

SAEEDALAM
Chief Executive

RAUFALAM
Director

Dated: 16th September, 2002

	NOTE	30-06-2002 RUPEES	30-06-2001 RUPEES
NOTE: A			
Reconciliation of operating profit to net cash flow from operating activities :			
Net (loss) before taxation		(160,071)	(31,980,218)
Depreciation		-	-
Mark-up / interest expenses		-	-
Dividend received		(665)	610
		(665)	610

Operating (loss) before working capital changes	(160,736)	(31,979,608)
(Increase) / Decrease in current assets		
Stock-in-trade	-	31,713,445
Trade debtors	128,303	• 537,860
Advances, deposits & pre-payments	436,474	5,200,000
Other receivables	-	61,105
(Decrease) / Increase in current liabilities		
Creditors, accrued & other liabilities	(32,136,885)	(5,436,437)
	(31,572,108)	32,075,973
	(31,732,844)	96,365

NOTE:B

Analysis of changes in cash and cash equivalents during the year :

Cash and bank balances as at June 30, 2001	90,384	94,959
(Decrease) in cash and cash equivalents	(4,136)	(4,575)
Cash and bank balances as at June 30, 2002	86,248	90,384

SAEED ALAM

Chief Executive

RAUF ALAM

Director

Dated: 16th September, 2002

	Share Capital	General Reserve	Unappropriated Profit/ Accumulated (Loss)	Total
Balance at June 30	20,000,000	30,000,000	(130,541,558)	(80,541,558)
Net Profit / (Loss) for the Year	-	-	(31,980,218)	(31,980,218)
Transfer to / from unappropriated Profit	-	(30,000,000)	30,000,000	-
Dividend	-	-	-	-
Balance as at June, 30 2001	20,000,000	-	(132,521,776)	(112,521,776)
Net Profit / (Loss) for the year	-	-	1,456,105	1,456,105
Transfer from unappropriated Profit	-	-	-	-
Balance as at June 30, 2002	20,000,000	-	(131,065,671)	(111,065,671)

Notes to the Accounts for the year ended June 30, 2002

1. THE COMPANY AND ITS OPERATIONS

Fateh Industries Limited is incorporated in Pakistan as a public limited company and is listed on the Karachi Stock Exchange.

The Company is engaged mainly in the manufacturing and sales of footwear of all kinds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 Accounting convention**

The accounts have been prepared under the historical cost convention. The Company has

not adopted any procedure to determine the impact on the accounts of inflation or changes in the general level of prices.

2.2 Fixed Assets

These are stated at cost less accumulated depreciation except land which is stated at cost. Depreciation is calculated on the written down value of assets. Full year's depreciation is charged on additions, while no depreciation is charged on fixed assets deleted during the year.

However Depreciation is not charged on fixed assets of the Company because the Company was not in operation during the year under consideration. Had there been no change, the depreciation will be Rs. 9,522,757/- and loss will be the Rs. 8,066,652/-

2.3 Taxation

Charge for current taxation is based on taxable income at current tax rates after considering the rebates and tax credits available, if any.

The Company does not account for or provide deferred tax liability. It is the practice of the management for providing tax liability for current year's only. The management is of the opinion that time difference tax liability will not materially reverse in foreseeable future.

The deferred taxation liability due to accelerated rate of depreciation allowance at the current rate of taxation as at June 30, 2002 including for the current year amounts to Rs. 2.810 million.

2.4 Stores and spares

These are valued at average cost except items in transit which are stated at invoice value plus other charges incurred thereon.

2.5 Stock-in -Trade

These are valued

Raw materials	At cost plus expenses incurred.
Goods in process and Packing material	At average cost.
Finished goods.	Lower of the net realizable value or cost. The net realizable value signifies estimated selling price in ordinary course of business.
Goods in transit	At invoice value plus charges and expenses incurred thereon

2.6 Trade debts

Bad debts are written off against the profit of the Company during the year in which it is incurred

2.7 Provision for Gratuity

Provision of Gratuity for gratuity has not been made in the accounts as there was no staff employed in the company to whom gratuity is to be paid.

2.8 Revenue recognition

Sales are recorded on dispatch of goods. Income other than sales are recorded on accrual basis.

2.9 Sales

Sales include rebates on export sales. However, there were no sales during the year under consideration.

2.10 The accounts have been prepared in the light of provisions of Companies Ordinance, 1984.

3. ISSUED, SUBSCRIBED & PAID-UP SHARE CAPITAL

Fully paid ordinary shares of Rs. 10/- each
50,000 (1999-00 -50,000) issued for cash
1,950,000 (1999-00 - 1,950,000) issued for cash

	30-06-2002	30-06-2001
	RUPEES	RUPEES
	500,000	500,000
	19,500,000	19,500,000
	20,000,000	20,000,000

4. GENERAL RESERVE

Opening Balance
Less transfer to Profit and Loss Account.

	30-06-2002	30-06-2001
	RUPEES	RUPEES
	-	30,000,000
	-	300,000,000

5. LONG TERM LOAN

Secured
United Bank Limited (5.1)
Loan No. UBL-NIDF-2648

	19,138,956	19,138,956
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5.1 The loan is secured by first equitable charge of the company's present and future immovable properties including fixed plant and machinery of the company. A first pari passu charge by way of hypothecation in respect of all present and future machinery of the company and first floating charge on all other present and future assets of the company.

6. CURRENT PORTION OF LONG TERM LIABILITIES (Secured)

Long term loan

	30-06-2002	30-06-2001
	RUPEES	RUPEES

- -

7. SHORT TERM RUNNING FINANCES

From banking Companies
Secured (Note 7.1)
From Directors
Un-secured interest free

	49,361,068	49,361,068
	227,660,083	195,958,704
	277,021,151	245,319,772

7.1 The loans is secured against hypothecation of stock in trade and stores, book debts, lien on export contracts letters of credit as well as equitable mortgage of immovable and movable assets of the company.

The extent of short term running finance facility was to the extend of Rs. 55.00 million. No renewal of loan was made, suit for recovery of these loans were filed as stated in Note No. 10

No mark-up is paid and due to litigation of case. The company also not made any provision for the Markup against these loans. ^ - -1/ : "'- ^ ,"

8. CREDITORS, ACCRUED AND

	30-06-2002	30-06-2001
	RUPEES	RUPEES

OTHER LIABILITIES

Creditors		
Trade	11,980,985	12,712,759
Others	292,984	463,210
Due to associated undertakings	12,150,346	43,162,275
Advance from customers	6,901,011	6,901,011
Tax deducted at source	30,544	57,208
Accrued expenses	946,314	1,142,576
Mark-up on secured finances	9,636,909	9,636,939
	41,939,093	74,075,978

9. PROVISION FOR TAXATION

Opening Balance	200,000	200,000
Provided during the year		
Current	-	-
Prior	1,616,176	-
	1,616,176	-
	(1,416,176)	200,000
Less : Adjustment of Income Tax for earlier year due to completion of Income Tax assessment	1,416,176	-
-	-	200,000

10. CONTINGENCIES

M/s. United Bank Limited has filed suit for the recovery of Rs. 83,142,668/- and Rs. 30,329,564/- in the High Court of Sindh. No provisions have been made by the management of the company, as the company is in negotiation with the Bank for out of court settlement.

11. OPERATING FIXED ASSETS

PARTICULARS	COST		Accumulated depreciation as at 30-Jun.2002	Book Value as at 30-Jun-2002	DEPRECIATION	
	As on 1-Jul-2001	Addision (Deduction)			As on 30-Jun.2002	Charged for the year
Land	3,585,601	-	3,585,601	-	3,585,601	- -
Factory Building	30,908,554	-	30,908,554	16,870,158	14,038,396	- 10
Plant & Machinery	107,376,913	-	107,376,913	47,016,164	60,360,749	- 10
Air Conditioning Plant	2,033,634	-	2,033,634	927,422	1,106,212	- 10
Tools & Equipments	14,702,529	-	14,702,529	3,442,422	11,260,107	- 10
Furniture & Fixture	3,885,509	-	3,885,509	1,563,265	2,322,244	- 10
Office Exquipment & Computers	1,616,825	-	1,616,825	572,683	1,044,142	- 10
Electric Fittings	5,028,629	-	5,028,629	2,086,503	2,942,126	- 10
Vehicles	1,524,250	-	1,524,250	1,109,181	415,069	- 20
Arms	143,550	-	143,550	83,135	60,415	- 10
Other Buildings	1,943,657	-	1,943,657	680,603	1,263,054	- 10
Total 30.06.2002	172,749,651	-	172,749,651	74,351,536	98,398,115	-
Total 30.06.2001	172,749,651	-	172,749,651	74,351,536	98,398,115	-

Note: The Company has not done any business activity during the year, accordingly depreciation on fixed assets has not been charged.

30-06-2002 **30-06-2001**
RUPEES **RUPEES**

12. LONG TERM INVESTMENTS

Shares of quoted companies ' 17,566 17,566

These are stated at cost. The market value of above share on June 30, 2002 was Rs. 8,851/- (2000-01 Rs. 6,820/-). The Company has earned dividend of Rs. 665/- (2000-01 Rs. 610/-) from the share investment in listed companies. Details of investment in different quoted companies are given below :

Name of Company	No. of Shares Held	Purchase Price / Cost	Face Value per share	Quoted Value as on
				30.06.2002
Bata Pakistan Ltd.	160	11,280	10	5,208
Service Industries Ltd.	132	6,286	10	3,643
Total 30-06-2002	292	17,566		8,851
Total 30-06-2001	292	17,566		6,820

	30-06-2002 RUPEES	30-06-2001 RUPEES
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13. STORE, SPARE PARTS AND LOOSE TOOLS

Stores	465,584	465,584
Spare Parts	7,692,546	7,692,546
	8,158,130	8,158,130

14. STOCK -IN-TRADE

Raw and packing material	9,079,638	9,079,638
Finished goods	92,400	92,400
	9,172,038	9,172,038

15. TRADE DEBTS

Considered good and recoverable (Unsecured)	57,992,049	58,120,352
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16. ADVANCES, DEPOSITS AND PREPAYMENTS

Considered good		
Advances		
Employees	35,501	381,368
Associated undertaking	688,486	714,566
Suppliers	-	4,727
Others \	6,588,537	6,588,337
Income Tax	2,644,975	1,255,463
Deposits		
Securities - others	206,056	266,056
	10,163,555	9,210,517

17. OTHER RECEIVABLE

Export rebate	4,161,818	4,161,818
Others	38,884,010	38,884,010
	43,045,828	43,045,828

18. CASH & BANK BALANCES

Cash in hand	-	2,228
With Banks	86,248	88,156
on current account.	86,248	90,384

	30-06-2002 RUPEES	30-06-2001 RUPEES
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19. SALES

Sales	-	-
Less: Sales Commission	-	-
	-	-

20. COST OF SALES

Raw & packing material consumed (20-A)		
Goods-in-process		
Opening inventory	-	-
Closing inventory	-	-
	-	-
Less: Transferred to administration expenses (Note 20-A)	-	-
Cost of goods manufactured		
Finished goods	-	31,805,845
Opening inventory *	-	92,400
Closing inventory	-	31,713,445
Transferred to Administration expenses	-	31,713,445
	-	-

20-A RAW AND PACKING MATERIAL CONSUMED

Opening inventory	9,079,638	9,079,638
Less : Closing inventory	9,079,638	9,079,638
	-	-

21. ADMINISTRATION EXPENSES

Inventory losses (21-A)	-	31,713,445
Salaries, wages and benefits	-	-
Rent, rates and taxes	114,551	189,422
Repairs and maintenance	-	3,000
Printing and stationery	21,085	30,311
Communication	-	-
Legal and professional fees	10,000	20,000
Miscellaneous expenses	-	9,650
	145,636	31,965,828

30-06-2002	30-06-2001
RUPEES	RUPEES

21-A INVENTORY LOSSES IN

Raw and packing material	-	-
Good-in-process	-	-
Finished Goods	-	31,713,445
	-	31,713,445

22. SELLING EXPENSES

Advertisement & publicity	-	-
Product Development	-	-
	-	-

23. OTHER INCOME

Dividend income	665	610
Other income	-	-
	665	610

24. FINANCIAL EXPENSES

Interest and other charges on :		
Long-term loans	-	-
Export and running finances	-	-
Bank charges & commission	100	-
	100	-

25. OTHER CHARGES

Auditors' remuneration		
Audit fee	15,000	15,000
Out of pocket expenses	-	-
	15,000	15,000
Workers' profit participation fund	-	-
Charity & Donation	-	-

15,000

15,000

Recipient of donations do not include any entity in which a Director or his spouse had any interest.

26. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

Remuneration and meeting fees were forgone by the Directors and Chief Executive and such no remuneration and perquisites were paid to them during the year. '

There were no loans or advances granted to Directors during the year.

27. Financial Instruments and Related Disclosures

27.1 Financial Assets and Liabilities

	Interest/Markup bearing			Non-Interest/Markup/bearing		
	Maturity upto one year	Maturity after one year	Total Rupees	Maturity upto one year	Maturity after one year	Total nUpGS
Financial Assets						
Loans and advances	-	-	-	10,163,555	-	10,163,555
Trade debts	-	-	-	57,992,049	-	57,992,049
Other receivables	-	-	-	43,045,828	-	43,045,828
Cash & Bank Balances	-	-	-	86,248	-	86,248
	-	-	-	111,287,680	-	111,287,680
Financial Liabilities						
Accrued mark-up	-	-	-	9,636,909	-	9,636,909
Long Term Loans and related payable.	19,138,956	-	19,138,956	-	-	-
Short Term Running Finance	49,361,068	-	49,361,068	227,660,083	-	227,660,083
Creditors Accrued & Other Liabilities	-	-	-	32,302,184	-	32,302,184
	68,500,024	-	68,500,024	269,599,176	-	269,599,176

a). Financial assets exposed to foreign exchange rate risk amount to Rs.57,992,049/-

b) Financial liabilities long term loans and short term are under litigation please refer Note No. 10.

27.2 Risk Management

Overall, risks arising from the Company's financial assets and liabilities are limited.

a) Interest rate risk management.

The banks has filled suit for the recovery kindly refer Note No. 10.

b) Foreign Exchange rate risk management.

No foreign currency loan is repayable.

c) Credit Risk Management.

The Company is exposed to a concentration of credit risk on its trade debts amounting to Rs 57,992,049/- by virtue of all its customers being foreign. The Company do not have any limits on its customers.

27.3 Fair value of Financial assets and liabilities

The Carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

29. Production Capacity

The capacity and production of the company's Plant is indeterminable as it varies for different varieties of shoes.

30. Earning per Share

There is no dilative effect on the basic earning per share of the Company, which is base on :

28. Aggregate of Transactions with associated undertakings.

- I) Purchase of goods & services
- ii) Sales of goods & services
- iii) Brokerages, discount and commission
- iv) Interest on loans
- v) Any other transactions.

	2002	2001
Earning / (Loss) per Share (Rupees)	0.73	-16
No. of Ordinary Shares	<u>2,000,000</u>	<u>2,000,000</u>

31. Number of Employees

There was no employees as at June 30, 2002 as well as in the year June 30, 2001

32. Date of Authorization of Issue

These financial statements were authorized for issue on 16th September 2002 by the Board of Directors of the Company..

33. Figures

Figures have been rounded off to the nearest rupee. Previous year's have been re-arranged wherever necessary, for the purpose of comparison.

SAEEDALAM
Chief Executive

RAUFALAM
Director

Dated: 16th September, 2002

NO. OF SHAREHOLDERS	SHAREHOLDERS	TOTAL SHARES HELD	
453 From	1 To	100	38,133
120 From	101 To	500	32,979
39 From	501 To	1000	26,625
6 From	1001 To	5000	12,600
5 From	5001 To	10000	42,719
1 From	10001 To	15000	14,737
1 From	15001 To	20000	16,174
2 From	30001 To	35000	67,399
1 From	35001 To	40000	38,269
2 From	40001 To	45000	87,122
1 From	45001 To	50000	46,853

1 From	50001 To	55000	51,371
2 From	55001 To	60000	114,325
1 From	60001 To	65000	62,102
1 From	70001 To	75000	72,014
2 From	95001 To	100000	197,816
1 From	100001 To	105000	100,891
1 From	110001 To	115000	111,905
1 From	115001 To	120000	116,148
2 From	120001 To	125000	246,502
1 From	140001 To	145000	141,456
1 From	165000 To	170000	169,333
1 From	190001 To .	195000	192,527
646	TOTAL		2,000,000

S. CATEGORIES OF NO. SHAREHOLDERS	NUMBERS	SHARES HELD	PERCENTAGE
1. Individuals	623	728,252	0
2. Associated Companies	2	1,584	0
3. NIT / ICP	1	346	0
4. Directors, CEO & Spouse	18	1,218,665	1
5. Bank, Financial Institutions	2	51,153	0
TOTAL	646	2,000,000	100.00%

No of Shares

1. Associated companies, undertakings and related parties

1 Fateh Textile Mills Limited	1,023
2 Fateh Sports Wear Limited	561
Total	1,584

2. NIT / ICP (Name wise detai ls)

1 Investment Corporation of Pakistan	346
Total	346

3. Directors, CEO and their spouse and minor children

1 Mr. Rauf Alam (Director)	124,535
2 Mr. Aftab Alam (Director)	141,456
3 Mr. Saeed Alam (Chief Executive Officer)	116,148
4 Mr. Muhammad Mohsin (Director)	98,969
5 Mr. Muhammad Naveed (Director)	100,891
6 Mrs. Jamila Alam (Director)	43,462
7 Mrs. Najma Roshan (Director)	192,527
8 Mr. Jan Alam	57,447
9 Mr. Roshan Ali	111,905
10 Mrs. Seema Rauf	34,909
11 Mrs. Shabana Aftab	16,174
12 Mrs. Rana Saeed	32,490
13 Mrs. Fozia Mohsin	98,847
14 Master Faraz U/G Rauf Alam	14,737
15 Master Aneek U/G Rauf Alam	8,242
16 Master Anhar U/G Rauf Alam	8,642
17 Master Ajlal U/G Aftab Alam	8,642
18 Master Ashar U/G Saeed Alam	8,642
Total	1,218,665

4. Bank, Finanacial Institutions, Non-Banking Finance Institution etc

1 National Bank of Pakistan Ltd.	46,853
2 Pakistan Industrial Credit & Investment Corporation Ltd.	4,300
Total	<u>51,153</u>