بسم الله الرحمن الرحيم

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COMPANY INFORMATION

BOARD OF DIRECTORS

Dewan Mohammad Yousuf Farooqui	Chairman
Dewan Asim Mushfiq Farooqui	Director
Dewan Abdullah Ahmed Swaleh	Managing Director
Dewan Abdul Baqi Farooqui	Director
Mr. Haroon Iqbal	Director
Mrs. Hina Yousuf	Director
Mr. Aziz-ul-Haque	Director

CHIEF EXECUTIVE OFFICER
Dewan Mohammad Yousuf Farooqui

PRESIDENT
Farooq Mustafa

COMPANY SECRETARY
Muhammad Naeemuddin Malik

AUDIT COMMITTEE MEMBERS

Dewan Abdul Baqi Farooqui	Chairman
Dewan Abdullah Ahmed Swaleh	Member
Dewan Asim Mushfiq Farooqui	Member
Mr. Haroon Iqbal	Member

BANKERS
Allied Bank of Pakistan Limited
Askari Bank Limited
Bank Al Falah Limited
Faysal Bank Limited
Habib Bank Limited
KASB Bank Limited
Meezan Bank Limited
My Bank Limited
National Bank of Pakistan
NIB Bank Limited
Pak Oman Investment Company Limited
Silk Bank Limited
Saudi Pak Industrial and Agricultural Investment Co. (Pvt) Limited
Standard Chartered Bank
The Royal Bank of Scotland Limited
The Bank of Khyber
The Bank of Punjab
United Bank Limited

AUDITORS
Feroze Sharif Tariq & Co
Chartered Accountants
4/N/4, Block 6, P.E.C.H.S.
Karachi.

LEGAL ADVISORS
A.K. Brohi & Co

TAX ADVISOR
Sharif & Co. (Advocates)
3rd Floor, Uni Plaza,
I.I.Chundrigar Road, Karachi.

REGISTERED OFFICE
7th Floor, Block 'A',
Finance & Trade Centre
Off Shahrah -e- Faisal,
Karachi.

CORPORATE OFFICE
7th & 8th Floor, Block A,
Finance & Trade Centre,
Shahrah-e-Faisal,
Karachi.

REGIONAL OFFICES
Lahore
Dewan Centre, PIA Tower,
Egerton Road.

Islamabad
House # 58, F-7/2
Margalla Road.

FACTORY
Jilaniabad, Budhu Talpur
District Sajawal,
Sindh.

MISSION STATEMENT

- To be the No. 1 automobile company in Pakistan
- To assume leadership role in the technological advancement of the industry and to achieve the highest level of quantitative indigenization.
- To offer high value, economical and qualitative solutions to address the commuting needs of a diverse range of customers.
- To seek long-term and good relations with our suppliers and dealers with fair, honest and mutually profitable dealings.
- To be a totally customer oriented company and to achieve Total Customer Satisfaction.
- To create a work environment, which motivates, recognizes and rewards achievements at all levels of the organization.
- To produce environment friendly vehicles.
- To be a contributing corporate citizen for the betterment of society, and to exhibit a socially responsible behavior.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of **Dewan Farooque Motors Limited** ("**DFML**" or "**the Company**") will be held on **Thursday, October 29, 2009, at 09:30 a.m.** at Dewan Cement Limited Factory Site, at Deh Dhando, Dhabeji, District Malir, Karachi, Pakistan; to transact the following businesses upon recitation from Holy Qur'aan and other religious recitals:

1. To confirm the minutes of the preceding Annual General Meeting of the Company held on Wednesday, October 29, 2008;

2. To receive, consider, approve and adopt the annual audited financial statements of the Company for the year ended June 30, 2009, together with the Directors' and Auditors' Reports thereon;

3. To appoint the Statutory Auditors' of the Company for the ensuing year, and to fix their remuneration;

4. To consider any other business with the permission of the Chair.

Special Business:

5. To consider and approve short term loans/ advances to certain associated companies in compliance with the provisions of Section 208 of the Companies Ordinance, 1984.

By order of the Board

Muhammad Naeemuddin Malik
Company Secretary

Dated: October 06, 2009
Place: Karachi

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 23, 2009 to October 29, 2009 (both days inclusive).

2. Members are requested to immediately notify change in their addresses, if any, at our Shares Registrar Transfer Agent Raoji Consulting Associates (Private) Limited, located at 4th Floor, A-14, Trade Centre, Block 7/8, K.C.H.S., Main Shahrah-e-Faisal, Karachi 75350, Pakistan.

3. A member of the Company entitled to attend and vote at this meeting, may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received by the Company at the abovesaid address, not less than 48 hours before the meeting.

4. CDC Account holders will further have to observe the following guidelines, as laid down in Circular 01 dated January 20, 2000, issued by the Securities and Exchange Commission of Pakistan:

a) For Attending Meeting:

i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original National Identity Card (CNIC), or original passport at the time of attending the meeting.

ii) In case of corporate entity, the Board of Directors' resolution/power of attorney, alongwith the specimen signature of the nominee, shall be produced (unless it has been provided earlier) at the time of meeting.

b) For Appointing Proxies:

i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirements.

ii) Two persons, whose names, addresses, and CNIC numbers shall be mentioned on the form, shall witness the proxy.

iii) Attested copies of CNIC or passport of the beneficial owners and proxy shall be furnished alongwith the proxy form.

iv) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.

v) In case of corporate entity, the Board of Directors' resolution/power of attorney, alongwith the specimen signature of the nominee, shall be produced (unless it has been provided earlier) along with the proxy form to the Company.

"Statement under Clause (b) of Sub-Section (1) of Section 160 of the Companies Ordinance, 1984, concerning the Special Business, is attached alongwith the Notice circulated to the members of the Company, and is deemed an integral part hereof"

STATEMENT UNDER CLAUSE (B) OF SUB-SECTION (1) OF SECTION 160 OF THE COMPANIES ORDINANCE, 1984

(In accordance with S.R.O. 865(I)/2000, dated December 06, 2000)

This statement is annexed as an integral part of the Notice of the Eleventh Annual General Meeting of Dewan Farooque Motors Limited ("the Company" or "DFML") to be held on Thursday, October 29, 2009, at 09:30 a.m., at Dewan Cement Limited, Factory Site, at Deh Dhando, Dhabeji, District Malir, Karachi, Pakistan; and sets out the material facts concerning the Special Business to be transacted at the Meeting.

Special Business:

To consider and approve short term loans/advances to certain associated companies in compliance with the provisions of Section 208 of the Companies Ordinance, 1984.

LOANS / ADVANCES		
i)	Names of the borrowing, associated undertakings, together with the amount of loans and advances, and their brief financial position	i) Dewan Mushtaq Motor Company (Private) Limited ("DMMC") Loan/advance amount: Rs. 100 Million Financial position from the audited accounts for the year ended June 30, 2008: Total Assets: Rs. 847,441,507/- Equity: Rs. 35,825,176/- Earning per Share: Rs. 2.05 Dividend per Share: Nil Break-up Value per Share: Rs. 2.11 ii) Dewan Motors (Private) Limited ("DMPL") Loan/advance amount: Rs. 100 Million Financial position from the audited accounts for the year ended June 30, 2008: Total Assets: Rs. 884,412,685/- Equity: Rs. (238,014,815/-) Earning per Share: Rs. (11.89) Dividend per Share: Nil Break-up Value per Share: Rs. (23.80) iii) Dewan Automotive Engineering Limited ("DAEL") Loan/advance amount: Rs. 700 Million Financial position from the audited accounts for the year ended June 30, 2008: Total Assets: 1,997,981,000/- Equity: Rs. (791,501,000/-) Earning per Share: Rs. (14.23) Dividend per Share: Nil Break-up Value per Share: Rs. (36.98)

LOANS / ADVANCES		
ii)	Details of loans/ advances already provided	The same limits as above, while the amounts outstanding as at June 30, 2009, are disclosed in Note 7 of the attached Notes to the Financial Statements for the year ended June 30, 2009
iii)	Details of loans/advances written off to the borrowing companies	None
iv)	Rate of Interest to be charged on each loan and advance together-with the particulars of collateral security to be obtained from the borrowing companies	1% above the average rate on which the company has obtained its own short term borrowings during the period. No security is considered necessary as all the borrowing companies are under common management control.
v)	Period for which these loans and advances will be made	Upto a maximum period of twelve months
vi)	Terms of repayment or any other terms for loans and advances	Adjustable within a period of twelve months or as and when required by the lending company.
vii)	Purpose of loans and advances	To accommodate working capital requirements of the borrowing companies.
viii)	Benefits likely to accrue to the company and shareholders	The company and its shareholders will be benefited by having a 1% return on the loans and advances, over and above the cost of borrowing of the company.

In this regard, the following resolution is proposed to be passed, with or without modification, as a "SPECIAL RESOLUTION":

"RESOLVED THAT, the company, in accordance with the provisions of Section 208 of the Companies Ordinance, 1984, Clause III(X) of the Memorandum of Association and the terms and conditions hereby approved in the Eleventh Annual General Meeting of the Company, be and is hereby authorized and empowered to finance amounts as loans / advances to the following of its associated companies:

	(Rupees in Million)
LOANS/ADVANCES	
Borrowing Companies:	
Dewan Mushtaq Motor Company (Pvt.) Ltd.	100.0
Dewan Motors (Pvt.) Ltd.	100.0
Dewan Automotive Engineering Limited	700.0

DIRECTORS' REPORT

The Board of Directors of Dewan Farooque Motors Limited is pleased to present its annual report along with the Company's audited financial statements for the year ended June 30, 2009 and welcomes you to the 11th Annual General Meeting.

Financial Overview:

The summary of financial performance for the year, along with the comparative figures of financial year 2008 is as follows:

	Year ended June 30, 2009	Year ended June 30, 2008
	(Rupees in thousand)	
Gross Sales	1,934,441	6,327,553
Gross profit	(825,128)	152,912
Operating (Loss)	(1,254,336)	(279,523)
Net (loss) after tax	(1,510,059)	(399,499)
Reserves	(1,199,235)	291,708

Year under review:

For Car assemblers FY09 turned out to be a turbulent year as car sales declined by 50% led by economic slowdowns, high rates of consumer financing, increased car prices due to devaluation of Pak Rupee versus US Dollar coupled with increase in other input costs and law and order situation in the Country. Though, some improved volumes witnessed in the last quarter of the year under review has given a little support to the industry, however, we believe that much more efforts are required by the government to revive the industry. The five percent Federal Excise Duty imposed last year on passenger cars has been withdrawn in the current budget. This measure has enabled the car assemblers to reduce the selling prices. Support from financial sector is required in the shape of relaxation of stringent car financing terms to stimulate car sales.

The sales volume of the Company during the year declined to 2,302 units. Due to significant reduction in sales and production volumes and the increase in input cost the margins substantially eroded to absorb the fixed overheads and financial charges resulting in a loss. Alhamdulillah, Shehzore still remained the market leader in light commercial vehicle segment with 54% market share. Santro however is facing tough competition and efforts are being made to improve volumes. The industry generally and the company particularly is operating under tough market conditions arising due to the factors stated above and making best endeavors to sustain the impact. To overcome the current financial situation the Company is taking various countermeasures and has taken up the matter with the banks. The proposal for re-profiling of Company's debts is under review with the banks. As explained in notes 12.8 to the accounts suits for recovery have been filed by a bank and a financial institution in the High Court of Sindh which the company is defending. In the mean while, inspite of absence of support from the banks the company, though at low level, managed to conduct its operations. It is expected that in the ensuing year re-profiling of Company's debts will be finalized and the Company's operations will be normalized.

The Auditors have qualified the report due to significance of the matter as referred in Para (a) of the Auditors Report. The Management has explained the status of the matter in respective notes to the financial statements. The Management is fully confident that the company would be able to, finalize the financial restructuring with the lenders.

We humbly and gratefully bow our heads before **Almighty Allah**, the most Gracious and most Merciful, who Has rewarded and blessed your Company with **His** Innumerable bounties in these difficult times.

لَئِنْ شَكَرْتُمْ لَأَزِيدَنَّكُمْ ــــ (القرآن)

اگر شکر کرو تم البتہ زیادہ دوں گا میں تم کو۔

IF YE GIVE THANKS, I WILL GIVE YOU MORE (AL-QURAN)

Marketing:

50,000th Shehzore Roll-out Ceremony

On January 28th, 2009 your company celebrated the landmark of rolling-out 50,000th Shehzore at its state-of-the-art plant in Sajawal. The management and dealers witnessed together the roll out of the 50,000th Shehzore and participated in the facilitations.

Shehzore, as the name implies 'More Power, More Force', has been the market leader in 1-Ton Pickup category for the past 9 consecutive years.
The employees of the company and its dealers showed great enthusiasm and commitment towards delivering the best and achieving even greater landmarks in future.

Signing Of MOU with HMC Commercial Vehicle Division

On March 19th, 2009 Dewan Farooque Motors Limited and Hyundai Motor Corporation signed an MOU for progressive manufacturing and distribution of Hyundai commercial vehicles in Pakistan. Hyundai-Kia Automotive Group is the world's fifth largest automobile manufacturer. Dewan is representing Hyundai in Pakistan since 1998.

Hyundai is expanding its operations in Pakistan by entering into commercial vehicle market. Dewan Mohammad Yousuf Farooqui Chairman, Dewan Farooque Motors Limited and Mr. Hang Young Choi Vice Chairman, Hyundai Motor Company signed the MOU on behalf of their respective companies.

Customer Relations & Dealer Development:

Keeping the pace of growing customer expectations, it is imperative to create and nurture a customer-oriented environment for the growth and survival of the business in the years to come.

In this connection we have successfully implemented the CR Follow-up System which will help in improving the complaint handling of customers at every dealership.

Our focus on the development of dealers has resulted 3% increase in the satisfaction level of dealers as reported in the 2nd quarter of Dealer Satisfaction Survey 2009.

The Hyundai Global Satisfaction Index has also shown a tremendous improvement in Sales and After-sales indices by 109 and 108 points increased respectively in 2008 compared to last year.

To further strengthen the dealers' customer handling and to improve the satisfaction index, Customer Relations & Dealer Development departments have conducted exclusive training workshops at every dealership.

To make the survey meaningful, action plans have also been developed to improve weak areas of each dealer.

To improve the image of Hyundai, dealers are guided to maintain the facility as per the standards. New Image Wall has been developed and installed at each Elite dealer.

Maintenance of signage has been directed to all dealers as per the recent dealership facility evaluation made by Dealer Development department.

It is surprising to see in the time of recession where there is low business especially in auto sector; we have received applications for dealership from Lahore, Rahimyar Khan and Quetta.

After Sales Support:

'Best Care Service'

Hyundai Motor Company (HMC) has introduced an entirely new concept of 'Best Care Service', based on its historical Customer Care Philosophy. DFML, inline with Hyundai's vision of providing 'Best Care Service' to the customers has always been in pursuit of innovative ideas to improve the Quality of Service at the dealerships that exceeds Customers' Expectation.

Service Department always endeavors and develops programs and events based on 'Best Care Service' concept for the improvement of Hyundai brand and dealership network. A brief review is given below:

Hyundai Dealer Enhancement Program (H-DEP):

Hyundai Motor Company introduced the 'Dealer Enhancement Program' (H-DEP) globally in 2005, with the objective of standardization and image building of Hyundai dealerships in view of the emerging automotive business strategies, market dynamics, and customer expectations. HMC believe that it is not only the product that attracts the customers but the dealership location, design, facility and operations are the more important factors to the success of business in today's competitive environment.

Realizing the importance of H-DEP, DFML introduced the program at all dealerships across the country. Mr. Farooq Mustafa (President & Group Executive DMG-AO) took the leadership role as the H-DEP Project Leader and assigned Mr. Tariq Siraj (General Manager Service DFML) the responsibility of H-DEP Project Manager.

H-DEP awareness and its core objectives had been shared at all levels amongst DFML Top Management, Dealers' Principals and the operational staff. Task Force and Implementation Teams had been formed both at DFML and all dealerships to achieve the target of 'Elite Dealer Certification', which is a global award from HMC to dealers for successful implementation of H-DEP standards.

HMC H-DEP Evaluation Team visited Pakistan in April 2009 to evaluate the prospective dealers. By the grace of Almighty Allah and efforts of DFML and Dealer H-DEP Teams, it awarded 'Elite Dealers Certification' to six (06) dealers in a grand ceremony held at Hyundai Sherwani Motors Karachi on April 09, 2009. DFML Top Management and All Dealer Principals participated in the event.

Mr. Terry Kim (GM Service & Quality HMC Regional Headquartres, Dubai) and Mr. Farooq Mustafa (President DFML & H-DEP Team Leader) distributed Elite Dealer Certification Plaque and Kit to the successful dealers listed below:

1. Hyundai Gujranwala Motors, Gujranwala.
2. Hyundai Lyallpur Motors, Faisalabad.
3. Hyundai Sherwani Motors, Karachi.
4. Hyundai Sialkot Motors, Sialkot.
5. Hyundai Sowan Motors, Rawalpindi.
6. Hyundai Twin City Motors, Islamabad.

Mr. Terry Kim, in his speech, appreciated the dealer enhancement activities and efforts made by DFML Dealers and revealed that these are the first 06 dealers to get this certification in the Middle East Region.

Dealer Principals of certified dealers, in their speeches, mentioned the hard work of their team and DFML H-DEP Team for their continued support and guidance to achieve the landmark.

Managing Director DFML Mr. Dewan Abdullah AS. Farooqui and President Mr. Farooq Mustafa also applauded the contribution of dealers and DFML H-DEP Team in achievement of this honor and emphasized on certified dealers to have even higher responsibility to meet customer expectations in future.

In recognition of successful H-DEP implementation and outstanding improvement in dealership operations, HMC awarded a plaque of appreciation to Mr. Tariq Siraj (GM Service DFML & H-DEP Project Manager) during H-DEP Seminar for Middle East Region held at Damascus Syria on April 21, 2009.

Shell-Hyundai Loyalty Program (SHLP) - Dealer Conference and Trip to Indonesia:

Shell - Hyundai business alliance brings various benefits to Hyundai Dealers, DFML, and Shell. In this context, Shell organizes Dealer Conference on an annual basis abroad. Last year the conference was held in Indonesia on July 13~18, 2008.

DFML Management and Shell Representatives agreed on further strengthening the relationship.

Overall the trip gave a great deal of motivation and energy to all the participants, which was one of the objectives of the event leading to stronger and longer Shell - Hyundai relationship in future.

Manufacturing:

Last Fiscal Years activities (July 2008~June 2009):

Power conservation steps:

Various steps have been taken to economize plant utility consumption with the joint discussions with departmental heads so as to reduce the utility cost per unit in current scenario of low production targets.

a) Planning done to optimize usage of Gensets during processes and use single generator instead of minimum two, availing the Hesco option for residential circuit, which can be managed with low production targets.

b) HESCO supply is energized to support the hospital and family flats load at comparatively low/unit rates as compare to our self generated per units cost.

Statement of Compliance with under Clause XIX of the Code of Corporate Governance:

- The financial statements for the year ended June 30, 2009, prepared by the management of the company, present fairly its state of affairs, the results of its operations, cash flow and changes in equity;

- Proper books of accounts of the company have been maintained;

- Except as provided hereafter, appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended June 30, 2009 and accounting estimates are based on reasonable and prudent judgment. As per the directives of SECP vide S.R.O. 150 (I)/2009 dated February 13, 2009 the Company has shown impairment loss due to valuation of listed equity investments held as "Available for Sale" under Equity. The impact of normal and the opted method has been disclosed in note 9.1 to the accounts;

- International Financial Reporting Standards (IFRS) as applicable in Pakistan, have been followed in preparation of financial statements;

- The system of internal control is sound in design and has been effectively implemented and monitored;

- The Management has explained their views in detail regarding the going concern ability of the company in note 1.1 of the annexed financial statements.

- There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations of the stock exchanges of Pakistan;

- Summarized key operating and financial data is enclosed with the report;

- All taxes have been paid and nothing is outstanding, except as disclosed in note 17 of the annexed audited financial statement;

- The fair value of the Provident Fund's investments as at June 30, 2009 was Rs. 64.406 (2008: Rs.59.637) million.

  The Board of Directors comprise of individuals with diversified knowledge who endeavor to contribute towards the aim of the Company with the best of their abilities. During the year seven meetings of the Board were held. The attendance of directors was as follows:

Name of Director	No. of meetings attended
Dewan Mohammad Yousuf Farooqui	6
Dewan Abdullah Ahmed Swaleh	6
Dewan Abdul Rehman Farooqui	6
Dewan Asim Mushfiq Farooqui	3
Dewan Abdul Baqi Farooqui	5
Mr. Muhammad Azimuddin	3
Mr. Haroon Iqbal	4
Mr. Muhammad Naeem Uddin Malik	2
Mrs. Hina Yousuf	4
Mr. Aziz-ul-Haque	1

Leave of absence was granted to directors who could not attend Board meetings.

The audit committee comprises of three Non-executive directors.

Vote of Thanks:

On behalf of the Board, I thank you, the valued shareholders, Federal and Provincial Governments and their functionaries, banks, development financial institutions, leasing companies, dealers, vendors and customers for their continued support and patronage.

The Board would also like to appreciate the valuable services, loyalty and efforts rendered by the executives, staff members and workers of the Company, during the year under review.

Auditors:

The present Auditors M/s Feroze Sharif Tariq & Co. (Chartered Accountants) have retired and offers themselves for re-appointment.

The Board of Directors on recommendation of the Audit committee has recommended the re- appointment of M/s Feroze Sharif Tariq & Co. (Chartered Accountants).

Loss per share

The Loss Per Share is Rs. 15.62.

Pattern of Shareholding:

The Pattern of Shareholding of the Company as at June 30, 2009 is included in the Annual Report.

Conclusion:

In conclusion, we bow, beg and pray to Almighty Allah, Rahman-o-Rahim, in the name of his beloved Prophet, Muhammad, peace be upon him, for continued showering of His blessing, guidance, strength, health and prosperity to us, our Company, country and nation and also pray to Almighty Allah to bestow peace, harmony, brotherhood and unity in true Islamic spirit to whole of Muslim Ummah, Ameen, Summa Ameen.

إِنَّ رَبِّي لَسَمِيعُ الدُّعَاءِ ـــ (القرآن)

حقیقت میں میرا رب دعا کا بڑا سننے والا ہے۔

LO-MY LORD IS INDEED HEARER OF PRAYER (AL-QURAN)

Under / By Authority of Board of Directors

DEWAN MOHAMMAD YOUSUF FAROOQUI
Chief Executive

Karachi: October 6, 2009

KEY OPERATING AND FINANCIAL DATA

PARTICULARS	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
	…………………………	…………………………	…………………………	…………………………	………… Rs. in '000'	…………	…………………………	…………………………	…………………………	…………………………
Gross Sales	1,934,441	6,327,553	8,576,807	10,636,130	10,294,211	7,685,778	5,534,746	4,949,508	4,024,387	1,197,233
Net Sales	1,557,016	5,282,895	7,235,462	9,002,633	8,785,858	6,587,288	4,695,993	4,256,192	3,389,370	1,001,294
Gross Profit	(825,128)	152,912	866,556	1,100,482	1,049,348	705,754	632,615	373,414	184,838	97,965
Operating (Loss) / Profit	(1,254,336)	(279,523)	460,931	631,161	673,996	423,554	418,983	249,788	95,002	77,519
(Loss) / Profit before tax	(1,510,059)	(578,951)	99,354	317,017	511,322	330,730	209,063	33,942	(13,150)	68,605
(Loss) / Profit after tax	(1,390,034)	(399,499)	61,115	191,927	305,950	223,439	139,709	11,942	(31,150)	63,557
Retained Earnings	(1,199,235)	291,708	918,477	865,227	529,939	334,094	110,655	44,349	32,407	63,557
Share Capital	889,733	770,733	770,733	770,733	770,733	734,031	734,031	734,031	734,031	734,031
Shareholders Equity	(471,359)	1,062,441	1,689,210	1,635,960	1,300,672	1,068,125	844,686	778,380	766,438	797,588
Fixed Assets	1,976,154	2,160,667	2,331,199	2,082,160	1,885,131	1,831,134	1,746,875	1,701,221	1,624,283	272,097
Total Assets	4,496,917	5,854,924	6,892,646	7,713,240	6,287,290	5,102,798	3,477,741	3,516,853	3,476,846	2,726,181
Dividend	-	-		77,073	115,610	73,403	73,403	-	-	-
Bonus Shares	-	-		-	-	36,702	-	-	-	-
FINANCIAL ANALYSIS										
Profitability Ratios										
Gross (Loss) / Profit Margin	-52.99%	2.89%	11.98%	12.22%	11.94%	10.71%	13.47%	8.77%	5.45%	9.78%
Operating (Loss) / Profit Margin	-80.56%	-5.29%	6.37%	7.01%	7.67%	6.43%	8.92%	5.87%	2.80%	7.74%
(Loss) / Profit before tax	-96.98%	-10.96%	1.37%	3.52%	5.82%	5.02%	4.45%	0.80%	-0.39%	6.85%
(Loss) / Profit after tax	-89.28%	-7.56%	0.84%	2.13%	3.48%	3.39%	2.98%	0.28%	-0.92%	6.35%
Dividend (% of share capital)	0.00%	0.00%	0.00%	10.00%	15.00%	10.00%	10.00%	0.00%	0.00%	0.00%
Return on Investment										
(Loss) / Earnings per share before tax (Rs/share)	(16.97)	(7.51)	1.29	4.11	6.63	4.51	2.85	0.46	(0.18)	0.93
(Loss) / Earnings per share after tax (Rs/share)	(15.62)	(5.18)	0.79	2.49	3.97	3.04	1.90	0.16	(0.42)	0.87
Activity Ratios										
Sales to Total Assets-Times	0.43	1.08	1.24	1.38	1.64	1.51	1.59	1.41	1.16	0.44
Sales to Fixed Assets-Times	0.98	2.93	3.68	5.11	5.46	4.20	3.17	2.91	2.48	4.40
Liquidity Ratios										
Current ratio (excluding current maturity of LTL)	0.66	1.03	1.15	1.29	1.06	0.94	1.0	1.0	1.0	1.0
Current ratio (including current maturity of LTL)	0.58	0.95	1.03	1.05	1.04	0.85	0.75	0.89	-	-
Book value per share (Rs)	(5.30)	13.78	21.92	21.23	16.88	14.55	11.51	10.60	10.44	10.87

* LTL: long term loans

STATEMENT OF COMPLIANCE

WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2009.

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of the Karachi, Lahore and Islamabad Stock Exchanges, for the purpose of establishing the framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors on its board of directors.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI and are not members of any stock exchange.

4. Casual vacancies occurring in the Board during the financial year were duly filled up by the Board.

5. The Company has prepared and adopted a 'Statement of Ethics and Business Practices', which, as a token of acknowledgment, has been signed by all the directors and employees of the company.

6. The Board has developed a vision and mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which these were approved, adopted or amended has been maintained.

7. All the powers of the Board have been duly exercised, and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive director(s), have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman whenever he was available, and the Board met once in every quarter. Written notices of the Board meetings, alongwith agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board of Directors is well aware of their duties and responsibilities as outlined by the corporate laws and listing regulations.

10. The Board has approved the appointment of Chief Financial officer, Company Secretary and Head of Internal Audit, and their remuneration and terms and conditions of employment have been determined by the CEO and continue to remain approved by the Board.

11. The Directors' Report for this year has been prepared in compliance with the Code and fully describes the salient matters required to be disclosed.

12. The Financial Statements of the Company were duly endorsed by the CEO and the CFO prior to the presentation before the Audit committee and the Board of Directors, for approval.

13. The directors, CEO and executives do not hold any interest in the shares of the Company, other than that disclosed in the annexed pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an Audit Committee. It comprised of four members, three of them are non-executive Directors, including its Chairman.

16. The meetings of the Audit Committee were held at least once every quarter prior to the approval of interim and final results of the Company, and as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The Board has set-up an effective internal audit function, which reports directly to the Audit Committee.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants committee (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services, except in accordance with the listing regulations and auditors have confirmed that they have observed IFAC guidelines in this regard.

20. All material information as described in clause (xxiii) of the code is disseminated to the Stock Exchanges and Securities and Exchange Commission of Pakistan in a timely fashion.

21. We confirm that all material principles contained in the code have been compiled with.

Dewan M. Yousuf Farooqui

Dewan Mohammad Yousuf Farooqui
Chief Executive & Chairman Board of Directors

Karachi: October 06, 2009

FEROZE SHARIF TARIQ & CO.

Partners: FEROZE QAISER F.C.A., I.C.A.E.W.
ALI HUSAIN, F.C.A.
MOHAMMAD TARIQ, F.C.A., A.C.M.A.

FEROZE SHARIF TARIQ & CO.
Chartered Accountants
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REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Dewan Farooque Motors Limited to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange, Chapter XI of the Islamabad Stock Exchange and Chapter XIII of the Lahore Stock Exchange where the company is listed.

The responsibility for compliance with the 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 the 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2009.

Feroze Sharif Tariq & Co.

Place: Karachi (CHARTERED ACCOUNTANTS)
Date: October 06, 2009

FEROZE SHARIF TARIQ & CO.

Partners: FEROZE QAISER F.C.A., I.C.A.E.W.
ALI HUSAIN, F.C.A.
MOHAMMAD TARIQ, F.C.A., A.C.M.A.

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of Dewan Farooque Motors Limited, as at June 30, 2009, 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 purpose of our audit.

It is the 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 the 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 amounts and disclosures in the above said statements. An audit also includes assessing 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:

a) The financial Statements of the company for the year ended June 30, 2009 reflect loss after taxation of Rs.1,390.034 million and as of that date it has accumulated losses of Rs. 1,199.235 million and its current liabilities exceeded its current assets by Rs. 1,805.429 million. Further, the short term borrowing facilities from the banks have not been renewed and also the company has not provided the markup on its loans since January 2009 in the financial statement as fully disclosed in note no 1.1 to the financial statements and the company has been unable to ensure the timely repayments for the installments of long term borrowings. These conditions indicate the existence of material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore the company may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements and the notes thereto do not disclose this fact.

b) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

c) 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 the accounting policies consistently applied;

   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;

d) in our opinion and to the best of our information and according to the explanations given to us, except for the omission of information included in paragraph "a" above , the Balance Sheet, Profit and Loss Account, Cash Flow Statement and Statement 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 and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2009 and of the loss, its Cash flow and Changes in Equity for the year then ended; and

e) In our opinion, "no Zakat was deductible at source under the Zakat and Ushr Ordinance 1980".

Feroze Sharif Tariq & Co.

(CHARTERED ACCOUNTANTS)

Place: Karachi
Date: October 06, 2009

BALANCE SHEET

as at June 30, 2009

	Note	June 30, 2009	June 30, 2008
		(Rs. in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	3	**1,991,154**	2,175,667
Intangible Assets	4	**-**	2,368
Long-term deposits (with leasing companies)		**40,343**	40,343
CURRENT ASSETS			
Stores and spares	5	**82,494**	83,035
Stock-in-trade	6	**746,766**	1,234,219
Trade debts - considered good		**29,538**	294,772
Short term loans to associated undertakings - considered good	7	**892,740**	892,740
Advances, deposits, prepayments and other receivables	8	**474,443**	493,794
Investment	9	**122,788**	547,412
Taxation - net		**14,905**	-
Cash and bank balances	10	**101,746**	90,574
		2,465,420	3,636,546
TOTAL ASSETS		**4,496,917**	5,854,924
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital			
Authorized			
100,000,000 (2008: 100,000,000) Ordinary shares of Rs.10 each		**1,000,000**	1,000,000
Issued, subscribed and paid-up	11	**889,733**	770,733
Impairment loss on investment to be charged in future (note 9.1)		**(161,857)**	-
Reserves		**(1,199,235)**	291,708
		(471,359)	1,062,441
NON-CURRENT LIABILITIES			
Long term loans - secured	12	**666,853**	690,000
Long term loan - unsecured	13	**-**	119,000
Liabilities against assets subject to finance lease	14	**6,803**	11,378
Long term security deposits		**18,700**	20,700
Deferred Liabilities	15	**5,071**	126,980
Deferred Credit	16	**-**	1,821
CURRENT LIABILITIES			
Trade and other payables	17	**1,515,293**	1,421,232
Accrued markup / profit	18	**264,810**	102,464
Short term finances-secured	19	**1,929,585**	1,941,799
Current maturity of long term loans		**512,576**	291,714
Current maturity of liabilities against assets subject to finance lease		**48,585**	57,239
Taxation - net	20	**-**	8,156
		4,270,849	3,822,604
CONTINGENCIES AND COMMITMENTS	21		
TOTAL EQUITY AND LIABILITIES		**4,496,917**	5,854,924

The annexed notes from 1 to 39 form an integral part of these financial statements.

Dewan Mohammad Yousuf Farooqui
Chief Executive

Dewan Abdullah Ahmed
Managing Director

PROFIT AND LOSS ACCOUNT

for the year ended June 30, 2009

	Note	June 30, 2009	June 30, 2008
		(Rs. in '000)	
GROSS SALES	22	**1,934,441**	6,327,553
Sales tax		**258,923**	817,375
Federal Excise duty		**12,075**	-
Special Excise duty		**15,517**	52,501
Commission and discounts		**90,910**	174,782
	22	**377,425**	1,044,658
NET SALES		**1,557,016**	5,282,895
Cost of sales	22	**2,382,144**	5,129,983
GROSS (LOSS) / PROFIT		**(825,128)**	152,912
Distribution expenses	23	**196,268**	231,255
Administration and general expenses	24	**232,940**	201,180
OPERATING (LOSS)		**(1,254,336)**	(279,523)
OTHER INCOME	25	**11,860**	16,989
		(1,242,476)	(262,534)
Impairment Loss on Investment - available for sale (note 9.1)		**161,857**	-
Finance cost	26	**105,726**	316,417
(LOSS) BEFORE TAXATION		**(1,510,059)**	(578,951)
TAXATION	27	**(120,025)**	(179,452)
NET (LOSS) AFTER TAXATION		**(1,390,034)**	(399,499)
Basic (loss) per share (Rupees.)	28	**(15.62)**	(5.18)
Diluted (loss) per share (Rupees.)	28	**(15.62)**	(4.49)

The annexed notes from 1 to 39 form an integral part of these financial statements.

Dewan Mohammad Yousuf Farooqui
Chief Executive

Dewan Abdullah Ahmed
Managing Director

CASH FLOW STATEMENT

for the year ended June 30, 2009

	Note	June 30, 2009	June 30, 2008
		(Rs. in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) before taxation		**(1,510,059)**	(578,951)
Add / (Less) : Depreciation		**181,655**	200,350
Amortization of intangible assets		**2,369**	3,155
Amortization of deferred credit		**(1,821)**	(1,820)
Gain on disposal of fixed assets		**(3,526)**	(1,150)
Impairment Loss on Investment available for sale		**161,857**	-
Financial charges		**105,726**	316,417
		446,260	516,952
		(1,063,799)	(61,999)
(Increase) / Decrease in stores & spares		**541**	(11,644)
Decrease in stock in trade		**487,452**	333,427
Decrease in trade debts		**265,233**	648,233
Decrease in advances, deposits, pre-payments & other receivables		**111,023**	21,490
Increase in trade and other payables		**94,047**	69,115
(Decrease) in long term security deposits		**(2,000)**	(2,300)
Tax (paid)		**(23,061)**	(60,904)
Dividend (paid)		**14**	(319)
Financial charges (paid)		**(95,313)**	(310,984)
Gratuity (paid)		**(1,884)**	(285)
		836,052	685,829
Net cash flow from operating activities		**(227,747)**	623,830
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure incurred		**(4,101)**	(31,990)
Short term loans (provided to) associated undertakings		**-**	(339,315)
Markup received on short term loans to associated undertakings		**63,621**	65,148
Sale Proceeds of fixed assets		**10,487**	7,885
Net cash flow from investing activities		**70,007**	(298,272)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term loans obtained		**212,000**	488,000
Long term loans repaid		**(14,286)**	(206,286)
Short term redeemable capital (repaid)		**-**	(700,000)
Finance Lease repayments		**(16,588)**	(38,371)
Net cash flow from financing activities		**181,126**	(456,657)
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS		**23,386**	(131,099)
CASH & CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		**(1,851,225)**	(1,720,126)
CASH & CASH EQUIVALENTS AT END OF THE PERIOD	29	**(1,827,839)**	(1,851,225)

The annexed notes from 1 to 39 form an integral part of these financial statements.

Dewan Mohammad Yousuf Farooqui
Chief Executive

Dewan Abdullah Ahmed
Managing Director

STATEMENT OF CHANGES IN EQUITY

for the year ended June 30, 2009

	Share Capital	Reserves				Total
	Issued, subscribed and paid-up	Unrealized gain / (loss) on available for sale investment	Impairment loss on available for sale investment to be charged in Jan - Dec 2009	Unappropriated profit / (loss)	Total Reserves	
	---(Rs. in '000)---					
Balance as at June 30, 2007	770,733	328,179	-	590,298	918,477	1,689,210
Adjustment of Unrealized (loss) on available for sale investment	-	(227,270)	-	-	(227,270)	(227,270)
Net loss for the period	-	-	-	(399,499)	(399,499)	(399,499)
Balance as at June 30, 2008	770,733	100,909	-	190,799	291,708	1,062,441
Deficit due to impairment in value of investment	-	(100,909)	-	-	(100,909)	(100,909)
Impairment in value of investment charged to Equity (note 9)	-	-	(323,714)	-	(323,714)	(323,714)
Impairment in value of investment taken to Profit & Loss Account	-	-	161,857	-	161,857	161,857
11,900,000 Ordinary shares of Rs. 10/- each issued as fully paid Shares against sponsors loan	119,000	-	-	-	-	119,000
Net loss for the period	-	-	-	(1,390,034)	(1,390,034)	(1,390,034)
Balance as at June 30, 2009	889,733	-	(161,857)	(1,199,235)	(1,361,092)	(471,359)

The annexed notes from 1 to 39 form an integral part of these financial statements.

Dewan Mohammad Yousuf Farooqui

Dewan Mohammad Yousuf Farooqui
Chief Executive

Dewan Abdullah Ahmed
Managing Director

NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2009

1. THE COMPANY AND ITS OPERATIONS

Dewan Farooque Motors Limited was incorporated in Pakistan on December 28, 1998 as a public limited company. The shares of the company are quoted on all the stock exchanges in Pakistan. The registered office of the Company is situated at 7th floor, Block 'A', Finance and Trade Centre, Off - Shahrah-e-Faisal, Karachi.

The Company has entered into separate technical license / collaboration agreements with Hyundai Motor Company, Korea and KIA Motors Corporation, Korea. The principal activity of the Company is the assembly, progressive manufacturing and sales of Hyundai and KIA vehicles in Pakistan.

The Company commenced commercial production through the interim facility from January 01, 2000. The main facility came into commercial operation from January 01, 2001.

1.1 GOING CONCERN ASSUMPTION

The financial statement for the year ended June 30, 2009 reflect loss after taxation of Rs.1.390 billion on account of working capital constraints and as of the date it has accumulated losses of Rs.1.199 billion and its current liabilities exceeded its current assets by Rs.1.805 billion. The working capital constraints have resulted in low capacity utilization ultimately leading to gross loss situation. Further, the company is facing liquidity difficulties to ensure timely repayments of debts owing to financial institution and short term finance facilities have not been renewed by banks. These financials have been prepared under going concern assumption as the aforesaid situations are temporary and would reverse in future. The management is confident that the out come is positive as the company is negotiating re-profiling of the debt with all the lenders as disclosed in note 26.1 and is expected to be closed in near future. Accordingly, during the year, the company has approached its lenders for the restructuring of the entire debt.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards(IFRSs) issued by the International Accounting Standards Board as are notified under the provisions of the Companies Ordinance, 1984, and the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Where the requirements of the Companies Ordinance, 1984 or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984 or the directives issued by the SECP prevail.

Standards, interpretations and amendments to published approved accounting standards that are effective in the current year:

During the year ended June 30, 2009, IFRS 7 - 'Financial Instruments: Disclosures' became effective. IFRS 7 has superseded IAS 30 and the disclosure requirements of IAS 32. Adoption of this standard has only resulted in additional disclosures which have been set out in these financial statements.

During the year ended June 30, 2009, IFRIC interpretation 14, 'IAS 19- The limit on a defined benefit asset, minimum funding requirements and their interaction' became effective. The interpretation provides guidance on assessing the limit in IAS 19- 'Employee Benefits' on the amount of the surplus that can be recognized as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirements.

The other new standards, amendments and interpretations that are effective for the company's accounting periods beginning on or after July 01, 2008, but are considered not to be relevant or to have any significant effect on the company's operations are not explained in these financial statements.

Standards, interpretations and amendments to published accounting standards that are not yet effective:

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after July 01, 2009.

IAS 1 - 'Presentation of financial statements', issued in September 2007 revises the existing IAS 1 and requires apart from changing the names of certain components of financial statements, presentation of transactions with owners in statement of changes in equity and with non-owners in the Comprehensive Income statement. The revised standard is effective from January 01, 2009. Adoption of this standard will only impact the presentation of the financial statements.

IAS 19 (Amendment) - 'Employee benefits' (effective from January 01, 2009).

The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are effected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation.

The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.

The distinction between short term and long term employee benefit will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered.

IAS 37 - 'Provisions, contingent liabilities and contingent assets', requires contingent liabilities to be disclosed, not recognized. IAS 19 has been amended to be consistent.

The management is in the process of assessing the impact of its adoption on the company's financial statements.

IAS 26 (Amendment) - 'Impairment of assets' (effective from January 01, 2009). As per new requirements, where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. This amendment is not expected to have a significant effect on the company's financial statements.

IAS 38 (Amendment) - 'Intangible assets' (effective from January 01, 2009). The amended standard states that a prepayment may only be recognized in the event that payment has been made in advance of obtaining right of access of goods or receipt of services. This amendment is not expected to have a significant effect on the company's financial statements.

IFRS 8 - 'Operating segments', (effective from January 01, 2009). IFRS 8 replaces IAS 14 - 'Segment reporting'. The new standard requires a 'management approach', under which segment information is presented on the same basis as the used for internal reporting purposes. Adoption of this standard is not expected to have a significant effect on the company's financial statements.

There are another amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after July 01, 2009 but are considered not to be relevant or to have any significant effect on the company's operations and are therefore not detailed in these financial statements.

2.2 Basis of preparation

These accounts have been prepared under the historical cost convention, except that investments classified as Available for sale are remeasured, after initial recognition, at fair value through equity.

The preparation of financial statements in conformity with approved accounting standards require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires management to exercise judgment in application of the company's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Areas where assumptions and estimates are significant to the financial statements are as follows:

i. Custom duty (note 17.1)

ii. Provision for taxation (note 20)

2.3 Tangible fixed assets

Property Plant and Equipment

Owned

These are stated at cost less accumulated depreciation except for freehold land and capital work in progress which are stated at cost. Cost of certain fixed assets and capital work in progress comprises of historical cost and the cost of borrowings during construction / erection period in respect of specific loans / borrowings.

Depreciation is charged to income using the reducing balance method whereby the cost of an asset is written off over its estimated useful life. The rates of depreciation are stated in note 3.1 to the accounts. Depreciation is charged in proportion to the use of assets in the respective year.

The assets' residual values and useful lives are reviewed at each financial year end, and adjusted , if appropriate, at each balance sheet date.

Maintenance and normal repairs are charged to income as and when incurred whereas major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gain or loss on disposal of fixed assets are included in income currently.

Leased

Assets held under finance leases are stated at cost less accumulated depreciation. The outstanding obligations under finance leases less financial charges allocated to future periods are shown as a liability. Each lease payment is allocated between the liability and finance costs so as to achieve a constant rate on the finance balance outstanding. The finance charge is charged to profit and loss account and is included under finance cost.

Depreciation is charged at the same rates as charged on company's owned assets.

2.4 Intangible assets

Software costs are capitalized when it is probable that future economic benefits attributable to the software will flow to the enterprise and the same is amortized, applying the straight line method, at the rate mentioned in note 4 to the financial statements. Amortization is charged in proportion to the use of assets in the respective year.

2.5 Investment

The management determines the appropriate classification of the investments, in accordance with the IFRSs, at the time of purchase depending on the purpose for which the investments are acquired and re-evaluate this classification on a regular basis. The existing investment of the company has been categorized as available for sale.

Available for sale investments are initially recognized at cost being the fair value of the consideration given including acquisition charges associated therewith.

After initial recognition, investment which are classified as available for sale are remeasured at fair value. Unrealized gains and losses on available for sale investments are recognized in equity till the investment is sold or otherwise disposed off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income.

2.6 Stores and spares

These are valued at cost determined on weighted average basis. Items in transit are valued at cost comprising of invoice values plus other charges incurred thereon accumulated to the balance sheet date.

2.7 Stock-in-trade

Raw materials and Components are valued at cost. Those in transit are stated at invoice price plus other charges paid thereon upto the balance sheet date. Cost is determined on a moving average basis.

Work-in-process is valued at material cost consisting of CKD kits, local vendor parts and consumables.

CBU (finished goods) in hand are valued at the lower of cost and net realizable value. Cost is determined on moving average basis.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessary to make sale.

2.8 Trade debts and other receivables

Trade debts and other receivables are recognized and carried at original invoice amount. Those considered irrecoverable are written off and provision is made against those considered doubtful.

2.9 Staff retirement benefits

The company upto December 31, 2003, was operating an un-funded gratuity scheme for its employees. Provision was made accordingly in the financial statements to cover obligations under the scheme. The Company has fully provided for the liability under the gratuity scheme as of December 31, 2003.

Effective from January 1, 2004, the company has, in place of gratuity scheme, established a recognized provident fund scheme for its permanent employees. Equal contributions are being made in respect thereof by company and employees in accordance with the terms of scheme.

2.10 Long term loans / Borrowings

Long term loans/ Borrowings are initially recognized at cost. After initial recognition same are measured at original recorded amount less principal repayments thereof.

2.11 Taxation

Current

The charge for current taxation is based on taxable income at current rates of taxation after taking into account tax rebates and credits available, if any, or one half percent of turnover, whichever is higher.

Deferred

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets is realized or the liability is settled, based on tax rates that have been enacted or substantially enacted by the balance sheet date.

2.12 Trade and other payables

Liability for trade and other amounts payable, are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

2.13 Warranty obligations

These are accounted for on the basis of claims lodged on the company.

2.14 Foreign currency translation

Foreign currency transactions are translated into Pak Rupees at exchange rates prevailing on the date of transaction. All monetary assets and liabilities in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date except for liabilities covered under forward exchange contracts, if any, which are translated at the contracted rates. Exchange differences on foreign currency translations are included in income along with any related hedge effects.
The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.15 Borrowing costs

Borrowing Costs are recognized initially in fair value net of transaction costs incurred.

Borrowing cost directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets until such time the assets are substantially ready for their intended use. All other borrowing costs are charged to income in the period in which they are incurred.

2.16 Financial instruments

2.16.1 Financial assets

2.16.1.1 Classification

The management determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standard 39 (IAS 39) "Financial Instruments: Recognition and Measurement" at the time of purchase of financial assets and re-evaluates this classification on a regular basis. The financial assets of the company are categorized as follows:

a) At fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short term fluctuations in prices are classified as "financial assets at fair value through profit or loss' category.

b) **Loans and receivables**

These are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market. The company's loans and receivables comprise of trade debts, loan and advances, deposits, cash and bank balances and other receivables in the balance sheet.

c) **Held to maturity**

These are financial assets with fixed or determinable payments and fixed maturity with the company having positive intent and ability to hold to maturity.

d) **Available for sale**

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables (b) held to maturity (c) financial assets at fair value through profit or loss.

2.16.1.2 Initial recognition and measurement

All financial assets are recognized at the time the company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognized at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs associated with these financial assets are taken directly to the profit and loss account.

2.16.1.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) **'Financial asset at fair value through profit or loss' & 'available for sale'**

Financial assets at fair value through profit or loss' are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account in the period in which these arise.

b) **'Loans and receivables' & 'held to maturity'**

Loans and receivables and held to maturity financial assets are carried at amortized cost.

2.16.1.4 Impairment

The company assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. Impairment loss on all financial assets is recognized in the profit and loss account. In arriving at the provision in respect of any diminution in long-term financial assets, consideration is given only if there is a permanent impairment in the value of the financial assets.

2.16.1.5 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements, when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the assets and settle the liabilities simultaneously.

2.16.2 Financial liabilities

All financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument.

2.16.3 Derecognition

Financial assets are derecognised at the time when the company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised at the time when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the profit and loss account.

2.17 Impairment

The carrying amounts of the Company's assets except for inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in profit and loss account.

2.18 Revenue recognition

Sales are recognized as revenue when goods are invoiced to customers.

Return on bank deposits are on an accrual basis.

Markup on loan to associated undertaking is recognized on an accrual basis.

Agency commission is recognized when shipments are made by the principal.

Unrealized gains / loss arising on re-measurement of investments classified as "financial assets at fair value though profit or loss" are included in the profit and loss account in the period in which these arise.

Realised capital gains / loss on sale of investments are recognized in the profit and loss account at the time of sale.

2.19 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand and at banks and short term finances. The cash and cash equivalents are subject to insignificant risk of changes in value.

2.20 Related Party transactions and transfer pricing

The Company enters into transactions with related parties on an arm's length basis. Royalty and fee for technical services are accounted for at the rates mentioned in the respective agreements, duly registered with the State Bank of Pakistan.

2.21 Provisions

Provisions are recognized when the company has present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.22 Off setting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when the company has a legally enforceable right to offset the recognized amounts and the company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.23 Dividends

Dividends declared after the balance sheet date are recognized as a liability at the time of their declaration.

	Note	June 30, 2009	June 30, 2008
		(Rs. in '000)	
3. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	3.1	**1,976,154**	2,160,667
Capital work-in-progress	3.4	**15,000**	15,000
		1,991,154	2,175,667

3.1 The statement of the operating fixed assets is as follows:

	Tangible - owned							Tangible - leased			Total
	Free hold land	Buildings	Plant and machinery	Furniture and fixtures	Vehicles	Office Equipment	Sub total	Plant and machinery	Vehicles	Sub total	
	(Rupees in '000)										
As at July 1 ,2008											
Cost	78,033	1,120,983	1,517,244	165,150	256,404	86,410	3,224,224	80,000	59,021	139,021	3,363,245
Accumulated depreciation	-	250,256	703,135	51,568	129,271	28,504	1,162,734	20,600	19,244	39,844	1,202,578
Net book value	78,033	870,727	814,109	113,582	127,133	57,906	2,061,490	59,400	39,777	99,177	2,160,667
Year ended June 30, 2009											
Opening net book value	78,033	870,727	814,109	113,582	127,133	57,906	2,061,490	59,400	39,777	99,177	2,160,667
Additions	-	-	-	-	4,029	72	4,101	-	-	-	4,101
Disposals											
Cost	-	-	-	-	13,259	-	13,259	-	-	-	13,259
Accumulated depreciation	-	-	-	-	6,299	-	6,299	-	-	-	6,299
	-	-	-	-	6,960	-	6,960	-	-	-	6,960
Transfer											
Cost	-	-	-	-	3,222	-	3,222	-	(3,222)	(3,222)	-
Accumulated depreciation	-	-	-	-	2,307	-	2,307	-	(2,307)	(2,307)	-
	-	-	-	-	915	-	915	-	(915)	(915)	-
Depreciation for the year	-	43,522	81,441	11,358	25,812	5,797	167,930	5,939	7,785	13,724	181,655
Closing net book value	78,033	827,205	732,667	102,224	99,305	52,182	1,891,616	53,461	31,077	84,538	1,976,154
As at June 30, 2009											
Cost	78,033	1,120,983	1,517,244	165,150	250,396	86,482	3,218,288	80,000	55,800	135,800	3,354,088
Accumulated depreciation	-	293,778	784,576	62,927	146,477	34,301	1,322,059	26,539	29,336	55,875	1,377,934
Net book value	78,033	827,205	732,668	102,223	103,918	52,182	1,896,229	53,461	26,464	79,925	1,976,154
Depreciation rate % per annum		5%	10%	10%	20%	10%		10%	20%		
As at July 1 ,2007											
Cost	78,033	1,115,837	1,516,875	162,007	242,480	83,591	3,198,823	80,000	59,021	139,021	3,337,844
Accumulated depreciation	-	204,691	612,663	39,176	104,630	22,169	983,329	14,000	9,316	23,316	1,006,645
Net book value	78,033	911,146	904,212	122,831	137,850	61,422	2,215,494	66,000	49,705	115,705	2,331,199
Year ended June 30, 2008											
Opening net book value	78,033	911,146	904,212	122,831	137,850	61,422	2,215,494	66,000	49,705	115,705	2,331,199
Additions	-	5,146	369	3,143	25,076	2,819	36,553	-	-	-	36,553
Disposals											
Cost	-	-	-	-	11,152	-	11,152	-	-	-	11,152
Accumulated depreciation	-	-	-	-	4,417	-	4,417	-	-	-	4,417
	-	-	-	-	6,735	-	6,735	-	-	-	6,735
Depreciation for the year	-	45,565	90,472	12,392	29,058	6,335	183,822	6,600	9,928	16,528	200,350
Closing net book value	78,033	870,727	814,109	113,582	127,133	57,906	2,061,490	59,400	39,777	99,177	2,160,667
As at June 30, 2008											
Cost	78,033	1,120,983	1,517,244	165,150	256,404	86,410	3,224,224	80,000	59,021	139,021	3,363,245
Accumulated depreciation	-	250,256	703,135	51,568	129,271	28,504	1,162,734	20,600	19,244	39,844	1,202,578
Net book value	78,033	870,727	814,109	113,582	127,133	57,906	2,061,490	59,400	39,777	99,177	2,160,667
Depreciation rate % per annum		5%	10%	10%	20%	10%		10%	20%		

3.2 Depreciation charge for the period has been allocated as follows:

	Note	June 30, 2009	June 30, 2008
		(Rs. in '000)	
Cost of goods manufactured	22.1	**152,168**	166,429
Distribution expenses	23	**10,807**	11,972
Administration and general expenses	24	**18,680**	21,949
		181,655	200,350

3.3 Particulars of operating assets having a net book value exceeding Rs. 50,000 disposed off during the period are as follows:

Description	Cost	Accumulated Depreciation	Book Value	Sale Proceed	Gain/ (loss) on Disposal	Mode of Disposal	Particulars of Buyers
	----------(Rs. in '000)----------						
Motor vehicles							
	434	341	93	87	(6)	Company policy	Capt. Kashif (Employee)
	505	350	154	101	(54)	Company policy	Iqbal Hussain (Employee)
	850	247	603	839	236	Company policy	Mateen Ur Rehman (Ex-employee)
	606	199	407	599	192	Company policy	Pirzada Javed H. Faridi (Ex-employee)
	1,159	499	710	1,129	419	Company policy	Col. Khalid Mahmood (Ex-employee)
	606	192	414	599	185	Company policy	Nasir Ahsan (Ex-employee)
	616	303	313	337	24	Company policy	Waseemul Haq Ansari (Employee)
	697	355	341	368	26	Company policy	Naeemuddin Malik (Employee)
	586	227	359	387	28	Company policy	Col Ishtiaq Ahmed (Employee)
	616	303	313	337	24	Company policy	Habibuddin Sharaf (Employee)
	609	271	338	364	26	Company policy	Shahid Ikram (Employee)
	1,582	1,155	427	1,134	707	Insurance Claim	Adamjee Ins. Co. Ltd.
	565	378	187	435	248	Insurance Claim	Adamjee Ins. Co. Ltd.
	911	375	536	899	363	Company policy	Waseem ul Haq Ansari (Employee)
	914	376	537	899	362	Company policy	Tariq Siraj (Employee)
	1,078	467	610	1,049	439	Company policy	Wasim Mumtaz (Ex-employee)

3.4 CAPITAL WORK-IN-PROGRESS

	June 30, 2009	June 30, 2008
	(Rs. in '000)	
Civil works	**15,000**	15,000
	15,000	15,000

4. INTANGIBLE ASSETS

Following is the statement of intangible assets:

	Cost as at July 1, 2008	Additions	Cost as at June 30	Accumulated amortization As at July 1, 2008	Amortization for the period	Accumulated amortization As at June 30, 2009	Net book value as at June 30, 2009	Rate of Amortization
	----------(Rs. in '000)----------							%
Computer Software								
2009	9,467	-	9,467	7,099	2,369	9,467	-	33.33
2008	9,467	-	9,467	3,944	3,155	7,099	2,368	33.33

5. STORES AND SPARES

	June 30, 2009	June 30, 2008
	(Rs. in '000)	
Stores	**27,476**	27,265
Spares	**55,018**	55,770
	82,494	83,035

6. STOCK-IN-TRADE	June 30, 2009	June 30, 2008
	(Rs. in '000)	
Manufacturing stock		
Raw materials and components	**494,329**	575,882
Work-in-process	**7,556**	86,411
Finished goods	**128,535**	69,330
	630,420	731,623
Trading stock		
Vehicles	**6,048**	18,554
Spare parts	**49,670**	60,012
	55,718	78,566
In transit	**60,628**	424,030
	746,766	1,234,219

7. SHORT TERM LOANS TO ASSOCIATED UNDERTAKINGS - Considered good

Dewan Automotive Engineering Limited	**693,260**	693,260
Dewan Mushtaq Motor Company (Private) Limited	**99,562**	99,562
Dewan Motors (Private) Limited	**99,918**	99,918
	892,740	892,740

These represent loans given to associated undertakings carrying markup at 1% above the cost of borrowing of the company. At the end of the period these loans carry markup at the rate of 16.589% (2008 :13.909%) per annum.

8. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	June 30, 2009	June 30, 2008
	(Rs. in '000)	
Advances - Considered good		
Suppliers and contractors	**282,515**	264,108
Employees	**1,813**	8,595
Sales tax	**26,811**	36,385
	311,139	309,088
Deposits		
Margin against letters of guarantees	**877**	1,287
Margin against letters of Credit	**-**	102,545
Others	**8,293**	11,064
	9,170	114,896
Prepayments		
Insurance	**-**	789
Rent	**1,232**	7,940
Others	**455**	2,155
	1,687	10,884
Other receivables		
Insurance	**1,581**	-
Markup on loans to associated undertakings (note 7 & 26)	**150,236**	58,565
Others	**630**	361
	152,447	58,926
	474,443	493,794

	Note	June 30, 2009	June 30, 2008
9. INVESTMENT - AVAILABLE FOR SALE		(Rs. in '000)	
Investment in Ordinary shares of Dewan Cement Limited (DCL) - associated undertaking			
44,650,273 ordinary shares of Rs. 10 each		**446,503**	446,503
Unrealized gain on remeasurement of investment to fair value recognized in Equity		**-**	100,909
Impairment in value of investment - taken directly in equity	(9.1)	**(161,857)**	-
Impairment in value of investment - charged to profit & loss account		**(161,857)**	-
		122,789	547,412
Market value (Rupees per share)		**2.75**	12.26
Percentage of equity held		**12.49%**	12.49%

9.1 Impairment in value of available for sale investment has been taken directly to equity as per relaxation provided by Securities & Exchange Commission of Pakistan vide its notification SRO 150(I)/2009 dated February 13, 2009. The aforesaid treatment is against the requirements of International Accounting Standard 39 'Financial Instruments - Recognition and Measurement' (IAS-39). IAS - 39 requires that any impairment in value of available for sale financial assets should be recognized in profit and loss account for the period. Had the treatment in accordance with IAS-39 been made, the loss for the period would have been higher by Rs.161.857 million. The said impairment loss including any adjustment / effect for the price movements during the quarter of calendar year 2009 will be taken to Profit and Loss Account on quarterly basis during the calendar year ending on December 31, 2009.

9.2 The market price of associated company's share wherein company has investment shows increasing trend from the date of balance sheet to the date the financial statements were authorized for issue. The market price of DCL's share as of October 6, 2009 (i.e. the date on which the financial statements were authorised for issue) is Rs. 2.99 per share, thereby increasing the market value of the investment by Rs. 10.716 million.

	Note	June 30, 2009	June 30, 2008
		(Rs. in '000)	
10. CASH AND BANK BALANCES			
Cash in hand		**593**	544
Cash at banks in current accounts		**101,153**	90,030
		101,746	90,574

11. ISSUED, SUBSCRIBED AND PAID-UP-CAPITAL

2009	2008			
(No of Shares in '000)				
85,303	73,403	Ordinary shares of Rs.10/- each fully paid in cash	**853,031**	734,031
3,670	3,670	Ordinary shares of Rs.10/- each, issued as fully paid bonus shares	**36,702**	36,702
88,973	77,073		**889,733**	770,733

11.1 The shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry one vote per share without restriction.

11.2 Dewan Sugar Mills Limited, an associated company, held 13,650,000 (2008: 13,650,000) Ordinary shares of Rs.10 each at the end of the current period.

11.3 During the year the company has issued 11.90 million Ordinary Shares of Rs.10 each to a director by way of conversion of unsecured loan to ordinary shares. Approval has been obtained from Securities & Exchange Commission of Pakistan in this respect.

12. LONG TERM LOANS - secured

	Note	June 30, 2009	June 30, 2008
		(Rs. in '000)	
From banking companies and other financial institutions			
Allied Bank Limited - I	12.1	**71,429**	85,714
Saudi Pak Agricultural and Investment Company - I	12.2	**90,000**	90,000
National Bank of Pakistan	12.3	**62,500**	62,500
NIB Bank (formerly PICIC)	12.4	**110,000**	110,000
Pak Oman Investment Company Limited	12.5	**82,500**	82,500
Saudi Pak Agricultural and Investment Company - II	12.6	**63,000**	63,000
My Bank Limited	12.7	**700,000**	488,000
		1,179,429	981,714
Less:- Current portion shown under current liabilities	12.8	**512,576**	291,714
		666,853	690,000

12.1 The loan carries mark up at the base rate plus 2.5% per annum. Base rate has been defined as average rate of ASK SIDE of the six months KIBOR. Base rate will be set at the last business day before the installment date for the immediately preceding installment. Presently markup on the finance works out to 18.17 % (2008 : 15.65 %) per annum

The loan was rescheduled during the year and is to be paid in seven equal monthly installments commencing from June 29, 2008 and ending on December 31, 2008.

This loan is secured by way of parri passu charge over all present and future fixed assets including land, building, plant and machinery of the Company.

12.2 The loan carries mark up at the base rate plus 3.00% per annum. Base rate has been defined as average ASK rate of the six months KIBOR. Base rate will be set on the last day of preceding quarter. Presently markup on the finance works out to 16.34% (2008: 13.37%) per annum.

The loan is repayable in ten equal semi annual installments, with quarterly markup payments, commencing from January 26, 2006 and ending on October 26, 2010.

The loan is secured by First Pari Passu hypothecation charge and equitable mortgage over fixed assets of the company.

12.3 The finance carries mark up at the base rate plus 2.50% per annum. Base rate has been defined as average rate of ASK SIDE of the six months KIBOR. Base rate will be set on the last day of preceding quarter. Presently markup on the finance works out to 15.25% (2008: 12.78%) per annum.

The loan was repayable in eight equal quarterly installments commencing from January 13, 2006 and ending on October 13, 2007.

The loan was secured by First Pari Passu charge over plant and machinery and equitable mortgage over land and building of the company.

12.4 The finance carries mark up at the base rate plus 4.00 % per annum. Base rate has been defined as ASK rate of six months KIBOR prevailing on the last business day at the beginning of each quarterly period. Presently markup on the finance works out to 16.62 % (2008: 13.32 %) per annum.

The finance is repayable in twenty equal quarterly installments commencing from March 30, 2006 and ending on December 30, 2010.

The loan is secured by First Pari Passu charge over all the present and future fixed assets of the company.

12.5 The finance carries mark up at the base rate plus 2.50% per annum. Base rate has been defined as ASK rate of six months KIBOR prevailing on the last day of preceding semi annual period. Presently markup on the finance works out to 15.53% (2008 : 13.08 %) per annum.

The finance has been rescheduled and is to be paid in thirty three equal monthly installments commencing from August 31, 2008 and ending on April 30, 2011.

The finance is secured by first charge over fixed assets of the company by way of hypothecation of plant and machinery and equitable mortgage of land and building of the company.

12.6 The loan carries mark up at the base rate plus 3% per annum. Base rate has been defined as average ASK rate of the six months KIBOR. Base rate will be set first time on date of disbursement and subsequently on January 1st and July 1st. Presently markup on the finance works out to 18.64% (2008: 13.34%) per annum.

The loan is repayable in ten equal half yearly installments, with quarterly markup payments, commencing from August 14,2007 and ending on February 14, 2012.

The loan is secured by First Pari Passu charge over fixed assets of the company.

12.7 The loan carries mark up at the base rate plus 3% per annum. Base rate has been defined as average ASK rate of the six months KIBOR. Base rate will be reset on bi-annual basis i.e. on January 1st and July 1st every year. Presently markup on the finance works out to 18.68% (2008: 17.15%) per annum.

The loan is repayable through monthly installments within five years including one year grace period, markup shall continuously be paid on calendar quarter basis during grace period.

The loan is secured by First Pari Passu charge over fixed assets of the company.

12.8 This includes overdue installments amounting to Rs. 277.428 million. The company is in the process of restructuring the respective amounts due to banks. A bank and a financial institution has filed suit in the High Court of Sindh U/s 9 of Financial Institutions (Recovery of Finances) Ordinance, 2001 for recovery through sale of company's assets. The company is defending these cases. The outcome is awaited and it is expected that it will be in favour of company.

	Note	June 30, 2009	June 30, 2008
		(Rs. in '000)	

13. LONG TERM LOAN - unsecured

	Note	June 30, 2009	June 30, 2008
From Director - Related party	11.3	**-**	119,000

14. LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE

The company has entered into leasing arrangements with various companies for acquisition of vehicles and Machinery. The total lease rentals due under the agreements aggregated to Rs. 58.840 (2008: Rs. 73.348) million and are repayable in monthly and quarterly installments latest by April 2012. Finance charge for these leases arrangements range from 12.85% to 16.75% (2008: 14.57% to 15.52%) per annum.

	June 30, 2009 (Rs. in '000)	June 30, 2008
Opening Balance	**68,617**	100,083
Payments	**(13,229)**	(31,466)
Current portion shown under current liabilities	**(48,585)**	(57,239)
	6,803	11,378

	June 30, 2009		June 30, 2008	
	Minimum lease Payments	Present Value	Minimum lease Payments	Present Value
Not later than one year	**51,045**	**48,585**	60,091	57,239
Later than one year	**7,795**	**6,803**	13,257	11,378
	58,840	**55,388**	73,348	68,617
Financial charges	**(3,452)**	**-**	(4,731)	-
	55,388	**55,388**	68,617	68,617
Current portion shown under current liabilities note 14.1	**(48,585)**	**(48,585)**	(57,239)	(57,239)
	6,803	**6,803**	11,378	11,378

14.1 This includes overdue installments amounting to Rs. 9.481 million.

	Note	June 30, 2009	June 30, 2008
		(Rs. in '000)	
15. DEFERRED LIABILITIES			
Deferred taxation	15.1	**-**	120,025
Staff gratuity	15.2	**5,071**	6,955
		5,071	126,980
15.1 Deferred Taxation			
Credit balance arising due to:			
Accelerated tax depreciation allowances		**350,804**	365,800
Less: Debit balance arising due to:			
Gratuity		**1,775**	2,434
Carry forward tax losses and others		**703,403**	243,341
		705,178	245,775
Deferred tax assets		**(354,374)**	120,025
Deferred tax asset not recognized		**354,374**	-
		-	120,025
15.2 Staff gratuity			
Balance at the beginning of the period		**6,955**	7,240
Less: Payments made during the period		**1,884**	285
		5,071	6,955
16. DEFERRED CREDIT			
Gain on sale and lease back of fixed assets		**1,821**	3,641
Less: amortized during the period		**1,821**	1,820
		-	1,821

This represents gain on sale and lease back of fixed assets to be amortized over the period of lease term, beginning July 2006, in accordance with the IAS - 17 (Leases).

	June 30, 2009	June 30, 2008
	(Rs. in '000)	
17. TRADE AND OTHER PAYABLES		
Creditors		
Trade creditors	**1,243,111**	1,214,012
Accrued liabilities		
Accrued expenses	**35,280**	26,804
Advances from customers	**179,834**	51,518
Unclaimed dividend	**1,820**	1,806
Other Payables		
Workers' welfare fund	**-**	2,068
Custom duties	**8,259**	15,417
Commission payable	**1,550**	35,593
Royalty payable	**34,419**	23,940
Sales tax payable	**10,015**	49,069
Miscellaneous	**1,005**	1,005
	55,248	127,092
	1,515,293	1,421,232

	June 30, 2009	June 30, 2008
	(Rs. in '000)	

17.1 Custom duties

Balance at the beginning of the period	**15,417**	31,002
Less: payment made during the period	**7,158**	15,585
	8,259	15,417

18. ACCRUED MARKUP/PROFIT

Mark-up / profit on :

Long term loans	**79,844**	28,476
Liabilities against assets subject to finance leases	**646**	61
Short term finances	**184,320**	73,927
	264,810	102,464

19. SHORT TERM FINANCES - SECURED

Under mark-up / profit arrangements	**1,929,585**	1,941,799

The facilities for short term finances under markup / profit arrangements available from various banks amounted to Rs. 1,955 (2008: Rs.1,976) million.

The rate of markup / profit ranges from 13.77% to 20.00% (2008: 11.14% to 17.13%) per annum.

The facilities are secured by way of pari passu charge against hypothecation of the company's stock in trade and book debts and are generally for a period of one year, renewable at the end of the period.

20. TAXATION

Income tax assessments of the company have been finalized upto and including the tax year 2006 relating to income year ended June 30, 2006 and certain appeals are pending before the income tax appellate authorities.

21. CONTINGENCIES AND COMMITMENTS

Contingencies

21.1 The company, in the past, received demand notices from the Customs Authorities claiming short recovery of Rs. 344.587 million in aggregate on account of custom duties, sales tax and income tax on royalty paid to Hyundai Motor Company (HMC) and Kia Motor Corporation (KMC), taking the view that the royalty pertains to the imported CKD kits as opposed to company view that the same is independent of the import of CKD kits and relates to the local manufacturing of the motor vehicles.

During the year ended June 30, 2008, the Custom, Excise and Sales Tax Appellate Tribunal has decided the case in company's favor resulting in reversal of demand to the extent of Rs.257.487 million. The company expect a similar decision against the cases for the balance amount of Rs.87.1 million, as the facts of the cases and questions of law involved are identical.

21.2 Letter of guarantees issued by the banks amounting to Rs. 253.592 (2008: Rs. 260.044) million.

Commitments

21.3 Capital expenditure commitments outstanding as at June 30, 2009 amounts to Nil (2008: Nil) million.

21.4 Commitments in respect of letters of credit other than for capital expenditure amounts to Nil (2008: Rs. 179.209) million.

22. OPERATING RESULTS

		Manufacturing		Trading		Total	
	Note	**June 30, 2009**	**June 30, 2008**	**June 30, 2009**	**June 30, 2008**	**June 30, 2009**	**June 30, 2008**
		(Rs. in '000)					
Sales		**1,822,792**	6,025,244	**111,649**	302,309	**1,934,441**	6,327,553
Sales tax		**243,521**	778,339	**15,402**	39,036	**258,923**	817,375
Federal Excise Duty		**12,075**	-	**-**	-	**12,075**	-
Special Excise duty		**15,517**	52,501	**-**	-	**15,517**	52,501
Commission and discounts		**90,250**	168,132	**660**	6,650	**90,910**	174,782
		361,363	998,972	**16,062**	45,686	**377,425**	1,044,658
Net sales		**1,461,429**	5,026,272	**95,587**	256,623	**1,557,016**	5,282,895
Cost of sales							
Opening stock		**69,330**	186,450	**78,566**	132,618	**147,896**	319,068
Cost of goods manufactured	22.1	**2,380,760**	4,777,317	**-**	-	**2,380,760**	4,777,317
Purchases		**-**	-	**37,741**	181,494	**37,741**	181,494
Closing stock		**(128,535)**	(69,330)	**(55,718)**	(78,566)	**(184,253)**	(147,896)
		2,321,555	4,894,437	**60,589**	235,546	**2,382,144**	5,129,983
Gross (loss) / profit		**(860,127)**	131,835	**34,998**	21,077	**(825,128)**	152,912
Distribution expenses	23	**184,219**	220,021	**12,049**	11,234	**196,268**	231,255
Administration and general expenses	24	**218,6340**	191,408	**14,300**	9,772	**232,940**	201,180
		402,859	411,429	**26,349**	21,006	**429,208**	432,435
Operating (Loss) / profit		**(1,262,986)**	(279,594)	**8,649**	71	**(1,254,336)**	(279,523)

	Note	June 30, 2009	June 30, 2008
		(Rs. in '000)	
22.1 Cost of goods manufactured			
Raw materials and vendor parts consumed			
Opening stock		**575,882**	1,006,566
Purchases		**1,744,943**	3,861,890
Closing stock		**(494,329)**	(575,882)
		1,826,496	4,292,574
Stores and spares consumed		**34,120**	45,737
Salaries, wages and other benefits	22.2	**145,443**	145,808
Insurance		**9,599**	13,190
Depreciation	3.2	**152,168**	166,429
Amortization of intangible assets		**1,217**	1,733
Communication		**804**	1,274
Printing, stationery and office supplies		**135**	353
Rent, rates & Taxes		**223**	33
Legal & Professional		**492**	325
Running royalty & technical fee		**11,505**	36,871
Parts development		**1,255**	266
Utilities		**77,073**	91,403
Traveling & entertainment		**10,251**	10,350
Vehicle running		**8,071**	6,297
Fee & subscription		**333**	277
Security		**9,040**	9,775
Repairs and maintenance		**11,138**	4,357
Miscellaneous		**2,541**	180
Add: Opening stock of work-in-process		**86,411**	36,496
Less: Closing stock of work-in-process		**(7,555)**	(86,411)
		554,264	484,743
		2,380,760	4,777,317

22.2 Included herein is a sum of Rs. 3.220 (2008: Rs.3.759) million relating to recognized Provident fund scheme.

	Note	June 30, 2009	June 30, 2008
		(Rs. in '000)	

23. DISTRIBUTION EXPENSES

	Note	June 30, 2009	June 30, 2008
Salaries, allowances and other benefits	23.1	**68,206**	68,228
Rent, rates and taxes		**6,566**	3,436
Depreciation	3.2	**10,807**	11,972
Amortization of intangible assets		**422**	502
Insurance		**2,310**	3,111
Traveling & entertainment		**21,906**	14,755
Vehicle running		**8,797**	8,164
Communication		**3,165**	3,489
Utilities		**1,747**	1,408
Printing, stationery and office supplies		**880**	481
Legal and professional		**2,829**	1,511
Advertising & sales promotion		**47,037**	92,248
Fee and subscription		**138**	211
Repairs and maintenance		**1,308**	788
Warranty claims and PDI & FFS		**19,108**	19,876
Security		**685**	722
Miscellaneous		**357**	353
		196,268	231,255

23.1 Included herein is a sum of Rs. 2.161 (2008: Rs.2.240) million relating to recognized Provident fund scheme.

23.2 The distribution expenses have been allocated between manufacturing and trading activities (note 22) on the basis of net sales.

24. ADMINISTRATION AND GENERAL EXPENSES

	Note	June 30, 2009	June 30, 2008
		(Rs. in '000)	
Salaries, allowances and other benefits	24.1	**97,335**	92,906
Rent, rates and taxes		**13,117**	11,121
Depreciation	3.2	**18,680**	21,949
Amortization of intangible assets		**730**	920
Insurance		**5,632**	6,485
Traveling & entertainment		**17,388**	11,252
Vehicle running		**11,905**	11,923
Communication		**17,591**	11,302
Utilities		**2,889**	3,848
Printing, stationery and office supplies		**1,227**	2,493
Legal and professional		**13,181**	4,577
Advertising & publicity		**57**	583
Fee and subscription		**5,822**	1,304
Repairs and maintenance		**14,901**	6,376
Auditors' remuneration	24.2	**510**	400
Security		**6,056**	5,511
Donation	24.3	**3,945**	7,789
Miscellaneous		**1,974**	441
		232,940	201,180

24.1 Included herein is a sum of Rs. 2.627 (2008: Rs. 3.047) million relating to recognized Provident fund scheme.

	June 30, 2009	June 30, 2008
24.2 Auditors' remuneration	(Rs. in '000)	
Audit fee	**300**	150
Interim review and other certifications	**110**	170
Out of pocket expenses	**100**	80
	510	400

24.3 Interest of the directors or their spouses in the donations made during the year is as follows:

Dewan Farooque Trust - related party	**3,945**	7,496

Dewan M. Yousuf Farooqui - Managing Trustee
Dewan Abdullah Ahmed Swaleh - Trustee
Dewan Asim Mushfiq Farooqui - Trustee
Dewan Abdul Baqi Farooqui - Trustee
Mrs. Hina Yousuf - Trustee
Mr. Aziz-ul Haque - Trustee

24.4 The administration and general expenses have been allocated between manufacturing and trading activities (note 22) on the basis of net sales.

	June 30, 2009	June 30, 2008
25. OTHER INCOME	(Rs. in '000)	
Exchange gain - net	**2,015**	1,411
Amortization of deferred credit	**1,821**	1,820
Gain on disposal of fixed assets	**3,527**	1,150
Agency Commission	**-**	11,105
Others	**4,498**	1,503
	11,860	16,989
26. FINANCE COST		
Long term loans & Leases		
Markup on Long term loans	**86,343**	89,354
Finance cost on liabilities against assets subject to finance leases	**3,945**	6,808
Working Capital		
Markup / Profit on short term finances (net of Rs. 155.292 (2008 : Rs. 82.490) million) charged on loans to associated undertakings (note 7 & 8)	**3,715**	158,925
Profit on short term redeemable capital	**-**	48,034
Interest on workers' profit participation fund	**-**	685
Bank charges	**11,723**	12,611
	15,438	220,255
	105,726	316,417

26.1 The company has not made the provision of markup amounting to Rs.340.252 million keeping in view of the financial restructuring proposed to the lenders. Management is hopeful that the restructuring will be accepted by the lenders. Had the provision been made the loss for the year and accrued markup would have been higher by the same amount.

	June 30, 2009	June 30, 2008
	(Rs. in '000)	

27. TAXATION

Current for the year	**-**	27,289
Deferred	**(120,025)**	(206,741)
	(120,025)	(179,452)

27.1 Relationship between tax expense and accounting (loss)

Accounting (loss)	**(1,510,059)**	(578,951)
Corporate tax rate	**35%**	35%
Tax on accounting (loss) on applicable rate	**(528,520)**	(202,632)
Tax effect of presumptive tax / minimum tax and others	**408,495**	23,180
Tax (reversal) for the year	**(120,025)**	(179,452)

28. (LOSS) PER SHARE

28.1 Basic (loss) per share

Net (loss) for the period	Rs. In thousands	**(1,390,034)**	(399,499)
Weighted average number of ordinary shares	number in thousands	**88,973**	77,073
Basic (loss) per share	Rupees	**(15.62)**	(5.18)

28.2 Diluted (loss) per share

Net (loss) for the period	Rs. In thousands	**(1,390,034)**	(399,499)
Weighted average number of ordinary shares	number in thousands	**88,973**	77,073
Effect of potential ordinary shares resulting from proposed conversion of loan from director into ordinary shares of Rs. 10 each (refer 13.1)	number in thousands	**-**	11,900
		88,973	88,973
Diluted (loss) per share	Rupees	**(15.62)**	(4.49)

29. CASH AND CASH EQUIVALENTS

Cash and bank balances	**101,746**	90,574
Short term finances	**(1,929,585)**	(1,941,799)
	(1,827,839)	(1,851,225)

30. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the accounts for the remuneration to the Chief Executive, Directors and Executives are as follows:

	June 30, 2009			June 30, 2008		
	Chief Executive	Director	Executives	Chief Executive	Directors	Executives
	Rs. in '000'					
Managerial remuneration	2,400	900	38,604	2,400	3,298	42,628
Bonus			-		400	5,583
House rent, utilities and other benefits			3,121		1,322	23,591
Retirement benefits			20,840		200	2,980
Medical			3,059		200	2,718
Leave passage / assistance			3,777		240	3,310
	2,400	900	69,401	2,400	5,660	80,810
No. of persons	1	1	31	1	2	42

The chief executive, directors and certain executives of the company are provided free use of company maintained cars.

31. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS / RELATED PARTIES

The related parties and associate undertakings comprise Hyundai Motor Company, Kia Motors Corporation, associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings, other than remuneration and benefits to key management personnel disclosed in the respective notes, are as follows:

	June 30, 2009	June 30, 2008
	(Rs. in '000)	
Sales	**6,957**	48,168
Purchases	**928,713**	2,975,036
Royalty and technical fee	**11,505**	36,871
Markup for the period on short term loans to associated undertakings	**155,292**	82,490
Amount received against markup on short term loans to associated undertakings	**63,621**	65,148
Donation to Dewan Farooque Trust	**3,945**	7,496

Transactions with associated undertakings and related parties are undertaken on an arm's length basis.

32. PLANT CAPACITY AND PRODUCTION

Capacity of the plant on single shift basis is 10,000 (2008:10,000) units. Production during the year from the facility is 2,323 (2008: 8,854) units. The production for the year remains low mainly due to economic slow down and freezing of working capital limits by banks.

33. FINANCIAL INSTRUMENTS BY CATEGORY

	As at June 30, 2009			
	Loans and receivables	Assets at fair value through profit or loss	Derivatives used for hedging	Total
	---------- Rs. in '000' ----------			
Assets				
Loans	-	-	-	-
Deposits	40,343	-	-	40,343
Trade debts	29,538	-	-	29,538
Other receivables	152,447	-	-	152,447
Investments at fair value through profit or loss	-	122,789	-	122,789
Cash and bank balance	101,746	-	-	101,746
	324,074	122,789	-	446,863

	As at June 30, 2009		
	Liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
	---------- Rs. in '000' ----------		
Liabilities			
Trade and other payables	-	1,495,199	1,495,199
Accrued markup	-	264,810	264,810
	-	1,760,009	1,760,009

	As at June 30, 2008			
	Loans and receivables	Assets at fair value through profit or loss	Derivatives used for hedging	Total
	---------- Rs. in '000' ----------			
Assets				
Loans	-	-		
Deposits	40,343	-	-	40,343
Trade debts	294,772	-	-	294,772
Other receivables	58,926	-	-	58,926
Investments at fair value through profit or loss	-	547,412	-	547,412
Cash and bank balance	90,574	-	-	90,574
	484,615	547,412	-	1,032,027

	As at June 30, 2008		
	Liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
	---------- Rs. in '000' ----------		
Liabilities			
Trade and other payables	-	1,352,871	1,352,871
Accrued markup	-	102,464	102,464
	-	1,455,335	1,455,335

34. FINANCIAL RISK MANAGEMENT

34.1 Credit risk

Credit risk is the risk that one party to the financial instruments will fail to discharge its obligation and cause the other party to incur a financial loss. The company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparites.

Out of total balance of Rs.101.153 million placed with banks, amounts aggregating Rs.54.884 million have been placed with banks having credit rating AA+ and above, whereas remaining amounts are placed with banks having minimum credit rating of A+.

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities or have similar econmic features that would cause their ability to need contractual obligations to be similarly affected by changes in economic, political or other conditions. Concetration of credit risk indicate the relative sensitivity of the company's performance to developments affecting a particular industry.

Credit risk arises from derivative financial instruements and balances with bank and financial institutions, as well as credit exposures to customers, including trade receivables and committed transaction. Out of the total financial assets of Rs. 1,310.242 (2008: Rs 2,007.914) million, the financial assets which are subject to credit risk amounted to Rs. 1,085.707 (2008: Rs. 1,369.928) million.

The company manages credit risk in trade receivables by limiting significant exposure to any individual customer, by obtaining advance against sales, by monitoring credit exposure and continuing assessment of credit worthiness of such customers as well as by close monitoring of operations of the associated undertakings.

34.2 Liquidity Risk

Liquidity risk reflects the company's inability of raising funds to meet commitments. Management closely monitors the company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers. Further, company treasury maintains flexibility in funding by keeping committed credit lines available.

34.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk and interest rate risk.

34.3.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company manages its currency risk by close monitoring of currency markets. As per central bank regulations, the company cannot hedge its currency risk exposure.

34.3.2 Interest rate risk

Interest / markup rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest / markup rates.Sensitivity to interest / markup rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The company manages this mismatches through risk management strategies where significants changes in gap position can be adjusted. The company exposed to interest / markup rate risk is respect of the following:

	Interest/ mark-up rate	Interest / Markup bearing Maturity upto one year	Maturity after one year	Sub-total	Non-Interest / Markup bearing Maturity upto one year	Maturity after one year	Sub-total	Total June 30, 2009
	%	(Rupees in '000)						
ON-BALANCE SHEET FINACIAL INSTRUMENTS								
June 30, 2009								
ASSETS								
Trade debts		-	-	-	29,538	-	29,538	29,538
Loans to associated undertakings	16.589	892,740	-	892,740	-	-	-	892,740
Advances, deposits and other receivables		-	-	-	163,430	-	163,430	163,430
Investment		-	-	-	122,788	-	122,788	122,788
Cash and bank balances		-	-	-	101,746	-	101,746	101,746
		892,740	-	892,740	417,502	-	417,501	1,310,242
LIABILITIES								
Long term loans	15.25-18.68	512,576	666,853	1,179,429	-	-	-	1,179,429
Long term deposits		-	-	-	-	18,700	18,700	18,700
Trade and other payables		-	-	-	1,315,365	-	1,315,365	1,315,365
Accrued markup / profit		-	-	-	264,810	-	264,810	264,810
Short term finances	13.77-20.00	1,929,585	-	1,929,585	-	-	-	1,929,585
		2,442,161	666,853	3,109,014	1,580,175	18,700	1,598,875	4,707,889
OFF-BALANCE SHEET FINACIAL INSTRUMENTS								
Commitment in respect of letters of credit		-	-	-	-	-	-	-
Outstanding bank guarantee		-	-	-	232,884	20,709	253,593	253,593
		-	-	-	232,884	20,709	253,593	253,593

	Interest/ mark-up rate	Interest / Markup bearing Maturity upto one year	Maturity after one year	Sub-total	Non-Interest / Markup bearing Maturity upto one year	Maturity after one year	Sub-total	Total June 30, 2008
	%	(Rupees in '000)						
ON-BALANCE SHEET FINACIAL INSTRUMENTS								
June 30, 2008								
ASSETS								
Trade debts		-	-	-	294,772	-	294,772	294,772
Loans to associated undertakings	13.909	892,740	-	892,740	-	-	-	892,740
Advances, deposits and other receivables		-	-	-	182,416	-	182,416	182,416
Investment		-	-	-	547,412	-	547,412	547,412
Cash and bank balances		-	-	-	90,574	-	90,574	90,574
		892,740	-	892,740	1,115,174	-	1,115,174	2,007,914
LIABILITIES								
Long term loans	13.08-15.65	291,714	690,000	981,714	-	-	-	981,714
Long term deposits		-	-	-	-	20,700	20,700	20,700
Trade and other payables		-	-	-	1,301,352	-	1,301,352	1,301,352
Accrued markup / profit		-	-	-	102,464	-	102,464	102,464
Short term finances	11.14-17.13	1,941,799	-	1,941,799	-	-	-	1,941,799
		2,233,513	690,000	2,923,513	1,403,816	20,700	1,424,517	4,348,029
OFF-BALANCE SHEET FINACIAL INSTRUMENTS								
Commitment in respect of letters of credit		-	-	-	-	179,209	179,209	179,209
Outstanding bank guarantee		-	-	-	123,224	136,819	260,044	260,044
		-	-	-	123,224	316,028	439,253	439,253

34.3.3 Fair value of financial instruments

Fair value is an amount for which an assets could be exchanged, or a liability settled, between knowledgeable willing parties in arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

As at the reporting date the fair value of all financial assets and liabilities are estimated to approximate their carrying values.

35. Capital risk management

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure the Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures commensuration to the circumstances.

Consistent with others in the industry, the company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholder. Debt is calculated as total borrowings ('long term loan' and short term borrowings' as shown in the balance sheet). total capital compises shareholders' equity as shown in the balance sheet under 'share capital and reserves'.

	June 30, 2009	June 30, 2008
36. NUMBER OF EMPLOYEES	**402**	566

37. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on October 6, 2009 by the Board of Directors of the company.

38. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of appropriate presentation. There have been no significant reclassifications in these statements.

39. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Dewan Mohammad Yousuf Farooqui
Chief Executive

Dewan Abdullah Ahmed
Managing Director

PATTERN OF SHAREHOLDING

under Regulation 37(xix)(i) of the Code of Corporate Governance as at June 30, 2009

	Categories of Shareholders	Number of Shareholders	Number of Shares held	% of Shareholding
1.	Associated Companies	1	13,650,000	15.34%
2.	NIT and ICP	1	5,418	0.01%
3.	Directors, CEO, their Spouses & Minor Children	6	28,962,985	32.55%
4.	Executives	2	1,500	0.00%
5.	Public Sector Companies & Corporations	67	5,357,744	6.02%
6.	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarabas & Mutual Funds	14	7,579,962	8.52%
7.	Individuals	4,280	33,415,646	37.56%
	TOTAL	**4,371**	**88,973,255**	**100.00%**

DETAILS OF CATEGORIES OF SHAREHOLDERS

	Names	Number of Shareholders	Number of Shares held	% of Shareholding
1.	**Associated Companies**			
1.1	Dewan Sugar Mills Limited	1	13,650,000	15.34%
		1	**13,650,000**	**15.34%**
2.	**NIT and ICP**			
2.1	National Bank of Pakistan, Trustee Department	1	5,418	0.01%
		1	**5,418**	**0.01%**
3.	**Directors, CEO, their Spouses & Minor Children**			
	Directors and CEO			
3.1	Dewan Muhammad Yousuf Farooqui	1	21,245,485	23.88%
3.2	Dewan Asim Mushfiq Farooqui	1	2,257,500	2.54%
3.3	Dewan Abdullah Ahmed Swaleh	1	2,257,500	2.54%
3.4	Dewan Abdul Baqi Farooqui	1	2,257,500	2.54%
3.5	Mr. Haroon Iqbal	1	1,000	0.00%
3.6	Mr. Aziz ul Haq	1	500	0.00%
3.7	Mrs. Heena Yousuf	1	472,500	0.53%
		7	**28,491,985**	**32.02%**
	Spouses of Directors and CEO			
3.8	Mrs. Sharmeen Mushfiq	1	472,500	0.53%
		1	**472,500**	**0.53%**
	Minor Children of Directors and CEO	-	-	-

SHAREHOLDERS HOLDING 10% OR MORE OF THE VOTING SHARES/ INTERESTS IN THE COMPANY

	Names	Number of Shareholders	Number of Shares held	% of Shareholding
1	Dewan Muhammad Yousuf Farooqui	1	21,245,485	23.88%
2	Dewan Sugar Mills Limited	1	13,650,000	15.34%

DETAILS OF PURCHASE / SALE OF SHARES BY DIRECTORS, CEO, CFO, COMPANY SECRETARY, THEIR SPOUSES AND MINOR CHILDREN DURING THE YEAR ENDED JUNE 30, 2009.

Name	Date of Acquisition	No. of Shares
Dewan Muhammad Yousuf Farooqui	17/02/2009	11,900,000

Form 34

THE COMPANIES ORDINANCE, 1984

(Section 236(1) and 464)

PATTERN OF SHAREHOLDING

1. Incorporation Number **0039756**

2. Name of the Company **DEWAN FAROOQUE MOTORS LIMITED**

3. Pattern of holding of the shares held by the Shareholders as at **3 0 0 6 2 0 0 9**

4.

Number of Shareholders	Shareholdings				Total Shares held
537	1	-	100	Shares	21,613
543	101	-	500	Shares	224,913
1,149	501	-	1,000	Shares	888,485
1,322	1,001	-	5,000	Shares	3,769,708
383	5,001	-	10,000	Shares	2,974,045
129	10,001	-	15,000	Shares	1,580,043
79	15,001	-	20,000	Shares	1,440,137
47	20,001	-	25,000	Shares	1,086,575
33	25,001	-	30,000	Shares	936,275
20	30,001	-	35,000	Shares	656,500
11	35,001	-	40,000	Shares	421,700
6	40,001	-	45,000	Shares	255,349
20	45,001	-	50,000	Shares	982,000
5	50,001	-	55,000	Shares	261,000
6	55,001	-	60,000	Shares	343,700
1	60,001	-	65,000	Shares	63,000
3	65,001	-	70,000	Shares	203,352
5	70,001	-	75,000	Shares	372,000
4	75,001	-	80,000	Shares	313,875
15	80,001	-	100,000	Shares	1,486,500
4	100,001	-	105,000	Shares	411,500
1	105,001	-	110,000	Shares	107,500
2	110,001	-	115,000	Shares	223,500
1	115,001	-	120,000	Shares	120,000
2	120,001	-	125,000	Shares	244,500
1	125,001	-	130,000	Shares	128,150
1	130,001	-	170,000	Shares	169,500
5	170,001	-	200,000	Shares	1,000,000
3	200,001	-	210,000	Shares	630,000
1	210,001	-	215,000	Shares	213,000
1	215,001	-	220,000	Shares	216,000
2	220,001	-	250,000	Shares	495,540
1	250,001	-	270,000	Shares	269,500
1	270,001	-	280,000	Shares	279,000
1	280,001	-	300,000	Shares	300,000
1	300,001	-	325,000	Shares	320,725
2	325,001	-	330,000	Shares	658,050
1	330,001	-	380,000	Shares	380,000
1	380,001	-	450,000	Shares	447,210
3	450,001	-	475,000	Shares	1,417,500
3	475,001	-	500,000	Shares	1,496,250
1	500,001	-	615,000	Shares	613,750
1	615,001	-	875,000	Shares	872,000
1	875,001	-	945,000	Shares	944,225
1	945,001	-	1,065,000	Shares	1,065,000
2	1,065,001	-	1,365,000	Shares	2,730,000
1	1,365,001	-	2,225,000	Shares	2,220,500
4	2,225,001	-	2,260,000	Shares	9,030,000
1	2,260,001	-	2,795,000	Shares	2,790,500
1	2,795,001	-	6,005,000	Shares	6,003,600
1	6,005,001	-	13,650,000	Shares	13,650,000
1	13,650,001	-	21,250,000	Shares	21,245,485
4,371	**TOTAL**				**88,973,255**

5.

	Categories of Shareholders	Shares held	Percentage
5.1	Directors, Chief Executive Officer, their spouses and minor children	28,964,485	32.55%
5.2	Associated Companies, undertakings and related parties	13,650,000	15.34%
5.3	NIT and ICP	5,418	0.01%
5.4	Banks, Development Financial Institutions, Non-Banking Finance Companies	7,303,775	8.21%
5.5	Insurance Companies	250,225	0.28%
5.6	Modarabas and Mutual Funds	25,962	0.03%
5.7	Shareholders holding 10%	34,895,485	39.22%
5.8	General Public		
	a. Local	33,415,646	37.56%
	b. Foreign	-	0.00%
5.9	Others (Joint Stock Companies, Brokerage Houses, Employees Funds & Trustees)	5,357,744	6.02%

FORM OF PROXY

I/we ____

of ____ being

a member (s) of **DEWAN FAROOQUE MOTORS LIMITED** and holder of ____________________

Ordinary Shares as per Registered Folio No./CDC Participant's ID and Account No.

______________________ hereby appoint ______________________

of ____

or failing him ____

of ____

who is also member of **DEWAN FAROOQUE MOTORS LIMITED** vide Registered Folio No./CDC Participant's ID and Account No. ____________________ as my/our proxy to vote for me/us and on my/our behalf at the 11th Annual General Meeting of the Company to be held on Thursday, October 29, 2009 at 9:30 a.m. and any adjournment thereof.

Signed this ______________ day of ______________ 2009.

AFFIX
REVENUE
STAMP
RS. 5/-

Signature ____________________

Witness: ____________________	Witness: ____________________
Name: ____________________	Name: ____________________
Address: ____________________	Address: ____________________
____________________	____________________

IMPORTANT:

1. A proxy should also be a member of the company.

2. A member of the Company entitled to attend and vote at this meeting, may appoint another member as his/her proxy to attend and vote instead of him/her.

3. Proxies, in order to be effective, must be received by the Company, duly completed, at our Shares Registrar Transfer Agent Raoji Consulting Associates (Private) Limited, located at 4th Floor, A-14, Trade Centre, Block 7/8, K.C.H.S., Main Shahrah-e-Faisal, Karachi 75350, Pakistan, not later than 48 hours before the meeting.

4. **Further Instructions for CDC Account holders:**

   i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirements.

   ii) Two persons, whose names, addresses, and CNIC numbers shall be mentioned on the form, shall witness the proxy.

   iii) Attested copies of CNIC or passport of the beneficial owners and proxy shall be furnished alongwith the proxy form.

   iv) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.

   v) In case of corporate entity, the Board of Directors' resolution/power of attorney, alongwith the specimen signatue of the nominee, shall be produced (unless it has been provided earlier) along with the proxy form to the Company.