

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Page Left Blank

COMPANY INFORMATION

BOARD OF DIRECTORS

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

CHIEF EXECUTIVE OFFICER

Dewan Mohammad Yousuf Farooqui

PRESIDENT / CHIEF OPERATING OFFICER

Farooq Mustafa

COMPANY SECRETARY

Muhammad Naeemuddin Malik

AUDIT COMMITTEE MEMBERS

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

BANKERS

Allied Bank of Pakistan Limited
Askari Commercial Bank Limited
Atlas Bank Limited
Bank Al Falah Limited
BankIslami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
KASB Bank Limited
Meezan Bank Limited
MCB Bank Limited
My Bank Limited
National Bank of Pakistan
NIB Bank Limited
Pak Oman Investment Company Limited
Saudi Pak Commercial 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
The Hong Kong & Shanghai Banking Corporation
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
Mandviwalla & Zafar

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.

DIRECTORS' REPORT



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

IN THE NAME OF ALLAH
THE MOST GRACIOUS AND MERCIFUL

DFML QUARTERLY REPORT MARCH 2009

The Board of Directors of your Company takes pleasure in presenting the un-audited condensed interim financial statements of the Company for the Quarter and Nine months ended March 31, 2009.

The Gross sales, during the Nine Months ended March 31, 2009, was Rs. 1.306 billion as compared to Rs. 4.511 billion in the corresponding period of the last year. During the period under review, the Company's gross loss was Rs. 495.321 million and the after tax loss was Rs. 959.297 million. The loss is mainly attributable to steep drop in production and sales volumes, increase in exchange rates resulting in high input cost.

The performance of local auto industry through out the nine months under review remained depressed. The passenger car sales have declined by 49% as compared to corresponding period of the last year. Unfavourable economic conditions, adverse law and order situation in the country, and high rates of consumer financing coupled with cautious lending are the key issues behind the decline in sales. It is expected the government in the upcoming budget will take positive measures to support the local auto industry. The proposal for re-profiling of Company's debts is under review with the banks. The management is confident that after re-profiling, it will come out of the present crisis.

We are extremely grateful to our valued customers, who have maintained their trust, and placed their confidence in our products. We are also thankful to the Engineering Development Board, our employees, dealers and vendors for their guidance, efforts and encouragement, and look forward for their continued support.

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

إِنَّا رَبِّي لَسَمِيعُ الدَّعَاءِ (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 the Board of Directors

DEWAN MOHAMMAD YOUSUF FAROOQUI
CHIEF EXECUTIVE

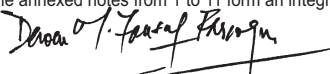
Karachi: April 29, 2009

CONDENSED INTERIM BALANCE SHEET

As at March 31, 2009

	Note	March 31, 2009	June 30, 2008
		(Rs. in '000)	
ASSETS		Unaudited	Audited
NON-CURRENT ASSETS			
Property, Plant and Equipment	4	2,038,067	2,175,667
Intangible Assets		-	2,368
Long-term deposits (with leasing companies)		40,343	40,343
CURRENT ASSETS			
Stores and spares		83,020	83,035
Stock-in-trade		1,047,566	1,234,219
Trade debts - considered good		72,572	294,772
Short term loans to associated undertakings - considered good		892,740	892,740
Advances, deposits, prepayments and other receivables		371,258	493,794
Investment	5	186,639	547,412
Advance Income Tax		9,711	-
Cash and bank balances		110,487	90,574
		2,773,993	3,636,546
TOTAL ASSETS		4,852,403	5,854,924
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital			
Authorized			
100,000,000 (June 30, 2008: 100,000,000)			
Ordinary shares of Rs.10 each		1,000,000	1,000,000
Issued, subscribed and paid-up			
88,973,300 (June 30, 2008: 77,073,300)			
Ordinary shares of Rs.10 each	6	889,733	770,733
Impairment loss on investment to be charged in future (note 5.1)		(194,898)	-
Reserves		(768,498)	291,708
		(73,663)	1,062,441
NON-CURRENT LIABILITIES			
Long term loans - secured		734,290	690,000
Long term loan - unsecured		-	119,000
Liabilities against assets subject to finance lease		4,958	11,378
Long term security deposits		18,700	20,700
Deferred Liabilities	7	5,386	126,980
Deferred Credit		455	1,821
CURRENT LIABILITIES			
Trade and other payables		1,434,044	1,421,232
Accrued markup / profit		272,308	102,464
Short term finances-secured		1,956,677	1,941,799
Current maturity of long term loans		445,139	291,714
Current maturity of liabilities against assets subject to finance lease		54,109	57,239
Taxation - net		-	8,156
		4,162,277	3,822,604
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		4,852,403	5,854,924

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.


Dewan Mohammad Yousuf Farooqui
 Chief Executive


Dewan Abdullah Ahmed
 Managing Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

For the nine months and quarter ended March 31, 2009

	Nine Months Ended		Quarter Ended	
	Mar 31, 2009	Mar 31, 2008	Mar 31, 2009	Mar 31, 2008
	-----Unaudited----- (Rs. in '000)			
GROSS SALES	1,306,252	4,510,863	399,546	1,323,036
Sales tax	172,988	582,925	54,674	170,562
Federal Excise Duty	8,190	-	4,204	-
Special Excise Duty	10,357	37,380	3,159	11,010
Commission and discounts	63,111	119,628	13,319	34,885
	<u>254,646</u>	<u>739,933</u>	<u>75,356</u>	<u>216,457</u>
NET SALES	1,051,606	3,770,930	324,190	1,106,579
Cost of sales	1,546,927	3,413,591	345,139	1,026,723
GROSS (LOSS) / PROFIT	(495,321)	357,339	(20,949)	79,856
Distribution expenses	107,715	145,106	27,935	49,214
Administration and general expenses	156,891	141,667	53,173	47,212
	<u>264,606</u>	<u>286,773</u>	<u>81,108</u>	<u>96,426</u>
OPERATING (LOSS) / PROFIT	(759,927)	70,566	(102,057)	(16,570)
OTHER INCOME	9,642	3,297	3,390	1,215
	<u>(750,285)</u>	<u>73,863</u>	<u>(98,667)</u>	<u>(15,355)</u>
Impairment Loss on Investment - available for sale	64,966	-	64,966	-
Finance cost	264,071	268,535	87,682	83,435
	<u>329,037</u>	<u>268,535</u>	<u>152,648</u>	<u>83,435</u>
(LOSS) BEFORE TAXATION	(1,079,322)	(194,672)	(251,315)	(98,790)
TAXATION	(120,025)	(52,745)	-	(31,391)
NET (LOSS) FOR THE PERIOD	<u>(959,297)</u>	<u>(141,927)</u>	<u>(251,315)</u>	<u>(67,399)</u>
(Loss) per share - basic (Rupee)	<u>(12.45)</u>	<u>(1.84)</u>	<u>(3.26)</u>	<u>(0.87)</u>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

Dewan Mohammad Yousuf Farooqui

Dewan Mohammad Yousuf Farooqui
Chief Executive

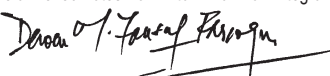
Dewan Abdullah Ahmed

Dewan Abdullah Ahmed
Managing Director

CONDENSED INTERIM CASH FLOW STATEMENT
for the nine months ended March 31, 2009

	March 31, 2009	March 31, 2008
	-----Unaudited----- (Rs. in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before taxation	(1,079,322)	(194,672)
Add / (Less) : Depreciation	136,425	149,920
Amortization of intangible assets	2,369	2,366
Amortization of deferred credit	(1,365)	(1,365)
Gain on disposal of fixed assets	(2,363)	(582)
Impairment loss on Investment - available for sale	64,966	-
Financial charges	264,071	268,535
	464,103	418,874
	<u>(615,219)</u>	<u>224,202</u>
Decrease / (Increase) in stores & spares	15	(3,802)
Decrease in stock in trade	186,653	307,195
Decrease in trade debts	222,200	257,632
Decrease in advances, deposits, pre-payments & other receivables	144,192	84,462
Increase in trade and other payables	12,798	244,552
(Decrease) in long term deposits	(2,000)	(3,000)
Tax (paid)	(17,867)	(53,208)
Dividend (paid)	-	(252)
Financial charges (paid)	(169,509)	(262,427)
Gratuity (paid)	(1,569)	(68)
	374,913	571,084
Net cash flow from operating activities	(240,306)	795,286
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(4,101)	(19,283)
Markup received on short term loans to associated undertakings	56,482	45,956
Sale Proceeds of fixed assets	7,641	2,693
Net cash flow from investing activities	60,022	29,366
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loans obtained	212,000	(369,000)
Long term loans (repaid)	(14,286)	(700,000)
Finance Lease repayments	(12,405)	(28,935)
Net cash flow from financing activities	185,309	(1,097,935)
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	5,025	(273,283)
CASH & CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	(1,851,225)	(1,720,126)
CASH & CASH EQUIVALENTS AT END OF THE PERIOD	(1,846,200)	(1,993,409)

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.


Dewan Mohammad Yousuf Farooqui
Chief Executive


Dewan Abdullah Ahmed
Managing Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
for the nine months ended March 31, 2009

Share Capital	Reserves				Total
	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	

----- Unaudited -----
(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	-	(37,953)	-	-	(37,953)	(37,953)
Net loss for the period	-	-	-	(141,927)	(141,927)	(141,927)
Balance as at March 31, 2008	<u>770,733</u>	<u>290,226</u>	<u>-</u>	<u>448,371</u>	<u>738,597</u>	<u>1,509,330</u>
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)
11,900,000 Ordinary shares of Rs. 10/- each issued as fully paid Shares against sponsor's loan (note 6)	119,000	-	-	-	-	119,000
Impairment in value of investment taken directly to equity (note 5.1)	-	-	(259,864)	-	(259,864)	(259,864)
Impairment in value of investment charged to profit & loss account	-	-	64,966	-	64,966	64,966
Net loss for the period	-	-	-	(959,297)	(959,297)	(959,297)
Balance as at March 31, 2009	<u>889,733</u>	<u>-</u>	<u>(194,898)</u>	<u>(768,498)</u>	<u>(963,396)</u>	<u>(73,663)</u>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

Dewan Mohammad Yousuf Farooqui

Dewan Mohammad Yousuf Farooqui
Chief Executive

Dewan Abdullah Ahmed

Dewan Abdullah Ahmed
Managing Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

Nine months ended March 31, 2009

- 1 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.

- 2 These condensed Interim financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and are being submitted to shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984.
- 3 These condensed Interim financial statements have been prepared using the same accounting policies and method of computation as were applied in preparing the financial statements for the year ended June 30, 2008.

4 OPERATING FIXED ASSETS

- 4.1 Detail of additions to operating fixed assets during the period are as follows:

	Nine months ended March 31, 2009 (Rs. in '000)	Year ended June 30, 2008
Tangible		
Owned		
Buildings	-	5,146
Plant & Machinery	-	369
Furniture & fixtures	-	3,143
Office equipment	72	2,819
Vehicles	4,029	25,076
	<u>4,101</u>	<u>36,553</u>

- 4.2 Detail of disposals during the period are as follows:

Vehicles	10,357	11,152
	<u>10,357</u>	<u>11,152</u>

5. INVESTMENT - AVAILABLE FOR SALE - At fair value

	Nine months ended March 31, 2009	Year ended June 30, 2008
	(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 (note 5.1)	(194,898)	-
impairment in value of investment - charged to profit & loss account	(64,966)	-
	<u>186,639</u>	<u>547,412</u>
Market value (Rupees per share)	<u>4.18</u>	<u>12.26</u>
Percentage of equity held	<u>12.49%</u>	<u>12.49%</u>

5.1 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.194.898 millions. 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.

5.2 The market price of associated company's share wherein company has investment shows declining 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 April 29, 2009 (i.e. the date on which the financial statements were authorised for issue) is Rs. 3.03 per share, thereby reducing the market value of the investment by Rs. 51.348 millions.

6 ISSUED, SUBSCRIBED AND PAID-UP-CAPITAL

In pursuance to SECP approval letter dated February 17, 2009 the unsecured loan provided by a Director amounting to Rs.119 million has been converted into 11,900,000 Shares of Rs.10/- (Rupees ten) each.

	Nine months ended March 31, 2009	Year ended June 30, 2008
	(Rs. in '000)	
7 DEFERRED LIABILITIES		
Staff gratuity	5,386	6,955
Deferred taxation	-	120,025
	<u>5,386</u>	<u>126,980</u>

8 CONTINGENCIES AND COMMITMENTS

Contingencies

8.1 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.

The matter was being contested by the company in appeal forums. 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 indential.

8.2 Letter of guarantees issued by the banks amounting to Rs. 254.709 (2008: Rs. 260.044) million.

Commitments

8.3 Capital expenditure commitments outstanding as at March 31, 2009 amounts to Nil (2008: Nil).

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

9 TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS / RELATED PARTIES

	Nine months ended March 31, 2009	Year ended June 30, 2008
	(Rs. in '000)	
Sales	5,104	48,168
Purchases	910,375	2,975,036
Royalty	7,890	36,871
Markup for the period on short term loans to associated undertakings	78,139	82,490
Amount received against markup on short term loans to associated undertakings	56,482	65,148
Donation to Dewan Farooque Trust	4,782	7,496

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

10 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on April 29, 2009 by the Board of Directors of the Company.

11 GENERAL

Figures have been rounded off to the nearest thousand rupees.



Dewan Mohammad Yousuf Farooqui
Chief Executive



Dewan Abdullah Ahmed
Managing Director