

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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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.

## DIRECTORS' REPORT



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

IN THE NAME OF ALLAH  
THE MOST GRACIOUS AND MERCIFUL

The Board of Directors of your Company takes pleasure in presenting the un-audited condensed interim financial statements of the Company for the Quarter ended September 30, 2009.

The Gross sales, during the Quarter ended September 30, 2009, was Rs.342.184 million. During the period under review, the company's gross loss was Rs. 78.353 million and the after tax loss was Rs. 183.257 million. The loss is mainly attributable to steep drop in production and sales volumes.

Reduction in car prices by assemblers and recovering economic indicators have shown improvement in the local auto sales. A significant increase came from the car sales segment with its sales improved by 22 percent during first quarter of Financial Year 2010. Devaluation of Pak Rupee against US Dollar is a major concern. Cost pressure is also likely to aggravate due to weak dollar against other currencies and in turn higher steel prices. High inflation and the slowdown in auto financing continues to have a breaking effect on auto sales. The proposal of re-profiling of Company's debts is under review with the banks. Presently due to freezing of working capital limits by the banks the Company is operating at low level. Some of the lenders have filed recovery suits in the High Court of Sindh which the Company is defending. It is expected that with the re-profiling of Company's debts, the Company's operation will be normalized.

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.

إِنِّي سَمِعْتُ الدَّعَاءَ — (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

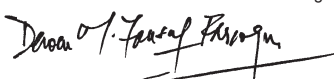
Karachi: October 30, 2009

## CONDENSED INTERIM BALANCE SHEET

### As at September 30, 2009

	Note	September 30, 2009	June 30, 2009
		(Rs. in '000)	
ASSETS		Unaudited	Audited
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	5	1,950,459	1,991,154
Long-term deposits (with leasing companies)		40,259	40,343
<b>CURRENT ASSETS</b>			
Stores and spares		83,883	82,494
Stock-in-trade		790,449	746,766
Trade debts - considered good		48,510	29,538
Short term loans to associated undertakings - considered good		892,740	892,740
Advances, deposits, prepayments and other receivables		507,169	474,443
Investment	6	134,844	122,788
Advance Income Tax		18,648	14,905
Cash and bank balances		86,113	101,746
		<b>2,562,356</b>	<b>2,465,420</b>
<b>TOTAL ASSETS</b>		<b>4,553,074</b>	<b>4,496,917</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Share Capital</b>			
<b>Authorized</b>			
100,000,000 (June 30, 2009: 100,000,000) Ordinary shares of Rs.10 each		<b>1,000,000</b>	<b>1,000,000</b>
<b>Issued, subscribed and paid-up</b>			
88,973,300 (June 30, 2009: 88,973,300) Ordinary shares of Rs.10 each		<b>889,733</b>	<b>889,733</b>
Impairment loss on investment to be charged in future (note 6.1)		<b>(74,901)</b>	<b>(161,857)</b>
<b>Reserves</b>		<b>(1,382,492)</b>	<b>(1,199,235)</b>
		<b>(567,660)</b>	<b>(471,359)</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term loans - secured		<b>605,896</b>	<b>666,853</b>
Liabilities against assets subject to finance lease		<b>5,848</b>	<b>6,803</b>
Long term security deposits		<b>18,700</b>	<b>18,700</b>
Deferred Liabilities		<b>5,061</b>	<b>5,071</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<b>1,775,138</b>	<b>1,515,293</b>
Accrued markup / profit		<b>258,273</b>	<b>264,810</b>
Short term finances-secured		<b>1,833,861</b>	<b>1,929,585</b>
Current maturity of long term loans		<b>573,532</b>	<b>512,576</b>
Current maturity of liabilities against assets subject to finance lease		<b>44,425</b>	<b>48,585</b>
		<b>4,485,229</b>	<b>4,270,849</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,553,074</b>	<b>4,496,917</b>

The annexed notes from 1 to 10 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 quarter ended September 30, 2009

DFML QUARTERLY REPORT SEPTEMBER 2009

	Quarter Ended	
	September 30, 2009	September 30, 2008
-----Unaudited-----		
(Rs. in '000)		
<b>GROSS SALES</b>	<b>342,184</b>	455,906
Sales tax	43,603	61,435
Federal Excise Duty	-	2,834
Special Excise Duty	2,846	3,536
Commission and discounts	9,934	14,793
	<b>56,383</b>	82,598
<b>NET SALES</b>	<b>285,801</b>	373,308
Cost of sales	364,154	647,411
<b>GROSS (LOSS)</b>	<b>(78,353)</b>	(274,103)
Distribution expenses	23,719	46,229
Administration and general expenses	40,348	58,731
	<b>64,067</b>	104,960
<b>OPERATING (LOSS)</b>	<b>(142,420)</b>	(379,063)
<b>OTHER INCOME</b>	<b>37,938</b>	3,950
	<b>(104,482)</b>	(375,113)
Impairment Loss on Investment - available for sale	74,901	-
Finance cost	2,395	85,312
	<b>77,296</b>	85,312
<b>(LOSS) BEFORE TAXATION</b>	<b>(181,778)</b>	(460,425)
<b>TAXATION</b>	<b>1,479</b>	(120,025)
<b>NET (LOSS) FOR THE PERIOD</b>	<b>(183,257)</b>	(340,400)
Basic (Loss) per share (Rupees)	<b>(2.06)</b>	(4.42)

The annexed notes from 1 to 10 form an integral part of these condensed interim financial statements.



**Dewan Mohammad Yousuf Farooqui**  
Chief Executive




**Dewan Abdullah Ahmed**  
Managing Director

## CONDENSED INTERIM CASH FLOW STATEMENT

For the quarter ended September 30, 2009

	September 30, 2009	September 30, 2008
	-----Unaudited----- (Rs. in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss) before taxation	(181,778)	(460,425)
Add / (Less) :		
Depreciation	40,365	45,528
Amortization of intangible assets	-	789
Amortization of deferred credit	-	(455)
Gain on disposal of fixed assets	(251)	(97)
Impairment loss on Investment - available for sale	74,901	
Financial charges	2,395	85,312
	117,410	131,077
	(64,368)	(329,348)
(Increase) in stores & spares	(1,389)	(2,553)
(Increase) in stock in trade	(43,684)	(194,566)
(Increase) / Decrease in trade debts	(18,973)	28,170
(Increase) / Decrease in advances, deposits, pre-payments & other receivables	(7,409)	93,280
Decrease in long term lease deposits	84	-
Increase in trade and other payables	259,845	143,245
Tax (paid)	(5,220)	(9,774)
Financial charges (paid)	(45,316)	(49,249)
Gratuity (paid)	(11)	(949)
	137,927	7,604
<b>Net cash flow from operating activities</b>	<b>73,559</b>	<b>(321,744)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure incurred	-	(4,101)
Markup received on short term loans to associated undertakings	11,420	24,950
Sale Proceeds of fixed assets	579	682
<b>Net cash flow from investing activities</b>	<b>11,999</b>	<b>21,531</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term loans obtained	-	212,000
Long term loans (repaid)	-	(43,571)
Finance Lease repayments	(5,467)	(8,974)
<b>Net cash flow from financing activities</b>	<b>(5,467)</b>	<b>159,455</b>
<b>NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>80,091</b>	<b>(140,758)</b>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>(1,827,839)</b>	<b>(1,851,225)</b>
<b>CASH &amp; CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>(1,747,748)</b>	<b>(1,991,983)</b>

The annexed notes from 1 to 10 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 quarter ended September 30, 2009

Share Capital	Reserves				Total
Issued, subscribed and paid-up	Unrealized gain 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)

<b>Balance as at June 30, 2008</b>	770,733	100,909	-	190,799	291,708	1,062,441
Adjustment of Unrealized loss on available for sale investment	-	(105,374)	-	-	(105,374)	(105,374)
Net (loss) for the period	-	-	-	(340,400)	(340,400)	(340,400)
<b>Balance as at September 30, 2008</b>	<u>770,733</u>	<u>(4,465)</u>	<u>-</u>	<u>(149,601)</u>	<u>(154,066)</u>	<u>616,667</u>
<b>Balance as at June 30, 2009</b>	889,733	-	(161,857)	(1,199,235)	(1,361,092)	(471,359)
Impairment loss already charged to profit & loss account	-	-	161,857	-	161,857	161,857
Impairment in value of investment due to change in fair value	-	-	(149,802)	-	(149,802)	(149,802)
Impairment in value of investment charged to profit & loss account	-	-	74,901	-	74,901	74,901
Net (loss) for the period	-	-	-	(183,257)	(183,257)	(183,257)
<b>Balance as at September 30, 2009</b>	<u>889,733</u>	<u>-</u>	<u>(74,901)</u>	<u>(1,382,492)</u>	<u>(1,457,393)</u>	<u>(567,660)</u>

The annexed notes from 1 to 10 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

### For the quarter ended September 30, 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. The Interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the company's annual financial statements for the year ended June 30, 2009.
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, 2009.
4. The significant assumptions and estimates adopted in the preparation of these financial statements are the same as those of the last published financial statements for the year ended June 30, 2009.

#### 5 OPERATING FIXED ASSETS

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

	Quarter ended September 30, 2009 Unaudited	Year ended June 30, 2009 Audited
	(Rs. in '000)	
<b>Tangible Owned</b>		
Office equipment	-	72
Vehicles	-	4,029
	-	4,101
	-	4,101

5.2 Detail of disposals during the period are as follows:

Vehicles	579	13,259
	579	13,259
	579	13,259

	Quarter ended September 30, 2009 Unaudited	Year ended June 30, 2009 Audited
(Rs. in '000)		
<b>6. INVESTMENT - AVAILABLE FOR SALE - At fair value</b>		
Investment in Ordinary shares of Dewan Cement Limited (DCL) - associated undertaking		
44,650,273 ordinary shares of Rs. 10 each	<b>446,503</b>	446,503
Impairment loss already charged to profit & loss account	<b>(161,857)</b>	-
Impairment in value of investment - taken directly in equity 6.1	<b>(74,901)</b>	(161,857)
Impairment in value of investment - charged to profit & loss account	<b>(74,901)</b>	(161,857)
	<u><b>134,844</b></u>	<u>122,789</u>
Market value (Rupees per share)	<u><b>3.02</b></u>	<u>2.75</u>
Percentage of equity held	<u><b>12.49%</b></u>	<u>12.49%</u>

6.1 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.74.901 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.

6.2 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 October 30, 2009 (i.e. the date on which the financial statements were authorised for issue) is Rs.2.45 per share, thereby reducing the market value of the investment by Rs.25.45 million.

## 7 CONTINGENCIES AND COMMITMENTS

There is no material change in the contingencies and commitments since the last audited financial statements as at June 30, 2009.

## 8 TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS / RELATED PARTIES

	Quarter ended September 30, 2009 Unaudited	Year ended June 30, 2009 Audited
	(Rs. in '000)	
Sales	1,210	6,957
Purchases	102,947	928,713
Royalty	1,979	11,505
Markup for the period on short term loans to associated undertakings	36,737	155,292
Amount received against markup on short term loans to associated undertakings	11,420	63,621
Donation to Dewan Farooque Trust	738	3,945

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

## 9 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on October 30, 2009 by the Board of Directors of the Company.

## 10 GENERAL

Figures have been rounded off to the nearest thousand rupees.



**Dewan Mohammad Yousuf Farooqui**  
Chief Executive



**Dewan Abdullah Ahmed**  
Managing Director