

COMPANY INFORMATION

BOARD OF DIRECTORS

Non-Executive Directors

Mr. Ghazanfar Baber Siddiqi Chairman Board of Directors
Mr. Abdul Basit
Mr. Mohammad Saleem Baig
Mr. Imran Ahmed Javed
Mrs. Nida Jamil Female Director

Executive Director

Mr. Waseem-ul- Haque Ansari

Independent Director

Mr. Aziz-ul-Haque

CHIEF EXECUTIVE OFFICER

Mr. Waseem-ul- Haque Ansari

COMPANY SECRETARY

Mr. Muhammad Hanif German

CHIEF FINANCIAL OFFICER

Mr. Muhsin Ali

AUDIT COMMITTEE MEMBERS

Mr. Aziz-ul-Haque Chairman
Mr. Ghazanfar Baber Siddiqi Member
Mr. Abdul Basit Member

HUMAN RESOURCE & REMUNERATION COMMITTEE MEMBERS

Mr. Aziz-ul-Haque Chairman
Mr. Waseem-ul- Haque Ansari Member
Mr. Abdul Basit Member

BANKERS

Allied Bank of Pakistan Limited
Askari Bank Limited
Faysal Bank Limited
Habib Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Silk Bank Limited
Saudi Pak Industrial and Agricultural
Investment Co. (Pvt.) Limited
Standard Chartered Bank
Summit Bank 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.

SHARES REGISTRAR / TRANSFER AGENT

BMF Consultants
Pakistan (Pvt.) Limited
Anum Estate Building, Room No. 310 & 311,
3rd Floor, 49, Darul Aman Society,
Main Shahrah-e-Faisal,
Adjacent to Baloch Colony Bridge,
Karachi, Pakistan.

REGISTERED OFFICE

Dewan Centre, 3-A,
Lalazar, Beach Luxury Hotel Road,
Karachi, Pakistan

FACTORY

Jilaniabad, Budhu Talpur,
District Sajawal,
Sindh.

DEWAN FAROOQUE MOTORS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2022

	Note	Sept 30, 2022 Unaudited	June 30, 2022 Audited
(Rs. In '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	6	753,827	765,959
Investment	7	817,434	909,483
CURRENT ASSETS			
Stores and spares		46,557	46,557
Stock-in-trade		14,823	14,856
Trade debts - considered good		672	672
Short term loan to associated undertaking - considered good		154,879	154,879
Advances, deposits, prepayments and other receivables - Considered good		853,299	846,659
Taxation - net		23,755	23,720
Cash and bank balances		131,224	128,715
		1,225,209	1,216,058
TOTAL ASSETS		<u>2,796,470</u>	<u>2,891,500</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital			
Authorized			
150,000,000 (June 30, 2021: 150,000,000) Ordinary shares of Rs.10 eac		1,500,000	1,500,000
Issued, subscribed and paid-up		1,387,353	1,387,353
Revenue Reserve			
Accumulated loss		(4,503,671)	(4,398,588)
		(3,116,318)	(3,011,235)
NON-CURRENT LIABILITIES			
Long term security deposits		11,700	11,700
Deferred Liabilities		4,231	4,231
CURRENT LIABILITIES			
Short term loan from related party		299,063	293,063
Trade and other payables		403,150	399,097
Unclaimed Dividend		1,802	1,802
Short term finances-secured	8	4,095,913	4,095,913
Current maturity of long term loans		1,096,929	1,096,929
		5,896,857	5,886,804
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		<u>2,796,470</u>	<u>2,891,500</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

Muhsin Ali
Chief Financial Officer

Waseem-ul-Haque Ansari
Chief Executive

Abdul Basit
Director

DEWAN FAROOQUE MOTORS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2022

	Note	Quarter Ended	
		Sept 30,	Sept 30,
		2022	2021
		-----Unaudited----- (Rs. in '000)	
Gross Sales		53	76
Sales tax		(8)	(11)
Net Sales		<u>45</u>	<u>65</u>
Cost of sales		<u>(17,823)</u>	<u>(24,305)</u>
Gross Loss		(17,778)	(24,240)
Administration and general expenses		<u>(3,767)</u>	<u>5,222</u>
Operating loss		(21,545)	(29,462)
Other income/(loss)		(83,537)	(34,350)
Finance cost	10	<u>-</u>	<u>-</u>
(Loss) before taxation		(105,082)	(63,812)
Taxation		<u>(1)</u>	<u>1</u>
(Loss) after tax		<u><u>(105,083)</u></u>	<u><u>(63,813)</u></u>
Basic / diluted (Loss) per share (Rupee)	12	<u><u>(0.76)</u></u>	<u><u>(0.46)</u></u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

Muhsin Ali
Chief Financial Officer

Waseem-ul-Haque Ansari
Chief Executive

Abdul Basit
Director

DEWAN FAROOQUE MOTORS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2022

	Quarter Ended	
	Sept 30,	Sept 30,
	2022	2021
	----- Unaudited -----	
	(Rs. in '000)	
(Loss) for the period	(105,083)	(63,813)
Other comprehensive Income(Loss) for the period	-	-
Total comprehensive (Loss) for the period	<u>(105,083)</u>	<u>(63,813)</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements

Muhsin Ali
Chief Financial Officer

Waseem-ul-Haque Ansar
Chief Executive

Abdul Basit
Director

DEWAN FAROOQUE MOTORS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2022

	Note	Sept 30, 2022	Sept 30, 2021
-----Unaudited-----			
(Rs. in ' 000)			
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) before taxation		(105,083)	(63,812)
Add / (Less) : Depreciation		12,132	13,261
Loss due to Change in valuation of investment in associates		92,049	38,816
Financial charges		-	-
		104,181	52,077
		(901)	(11,735)
Decrease in stock in trade		33	58
(Increase) in advances, deposits, pre-payments & other receivables		(6,641)	(3,425)
Increase in trade, other payables and borrowings		4,053	12,480
(Decrease) in long term security deposits		-	(1,000)
Tax (paid)		(36)	(14)
		(2,591)	8,099
Net cash flow from operating activities		(3,492)	(3,636)
CASH FLOW FROM INVESTING ACTIVITIES			
		-	-
CASH FLOW FROM FINANCING ACTIVITIES			
Short term loan from related party		6,000	5,729
Net cash flow from financing activities		6,000	5,729
NET (DECREASE) / INCREASE IN CASH & CASH EQUIVALENTS		2,508	2,093
CASH & CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		(1,849,309)	(1,852,882)
CASH & CASH EQUIVALENTS AT END OF THE PERIOD	11	(1,846,801)	(1,850,789)

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

Muhsin Ali
Chief Financial Officer

Waseem-ul-Haque Ansari
'Chief Executive

Abdul Basit
Director

DEWAN FAROOQUE MOTORS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2022

	Share Capital	Accumulated (Loss)	Total
-----Unaudited-----			
(Rupees in '000')			
Balance as on July 01, 2021	1,387,353	(4,221,758)	(2,834,405)
Total comprehensive (Loss) for the period	--	(63,813)	(63,813)
Balance as on September 30, 2021	1,387,353	(4,285,571)	(2,898,218)
Balance as on July 01, 2022	1,387,353	(4,398,588)	(3,011,235)
Total comprehensive (loss) for the period	-	(105,083)	(105,083)
Balance as on September 30, 2022	1,387,353	(4,503,671)	(3,116,318)

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

Muhsin Ali
Chief Financial Officer

Waseem-ul-Haque Ansari
'Chief Executive

Abdul Basit
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2022

1 THE COMPANY AND ITS OPERATION

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 Pakistan stock exchanges in Pakistan. The principal activity of the Company is the assembly, progressive manufacturing and sale of 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.

The geographical Location and address of the company's business units, including mill/plant are as under:

The registered office of the Company is situated at Dewan Centre,3-A, Lalazar,Beach Luxury Hotel Road, Karachi while its manufacturing facilities is situated at Jilianabad, Budhu Talpur, District Sajawal, Sindh.

2 GOING CONCERN ASSUMPTION

The company has incurred a loss after taxation of Rs.105.083 million during the period ended September 30, 2022. As of that date it has accumulated losses of Rs.4.504 billion and its current liabilities exceeded its current asset by Rs. 4.671 billion. Furthermore, cumulatively the company has not provided markup on its borrowings from banks and financial institutions amounting to Rs.7.390 billion. The working capital constraints resulted in closure of production activities leading to gross loss situation. The Company could not continue its production from November 2010 till August 2013 and again closed its production from March 2014 to February 2018 .The Company manufactured vehicles on contract basis under an agreement with related party from March 2018 to June 2018 after that Plant has been shut down till date.Further the company has been unable to ensure timely repayments of debts owing to financial institutions due to liquidity problems and the short term facilities have not been renewed by banks/financial institutions.Following course most of the lenders have gone into litigation for repayment of liabilities through attachment and sale of Company's hypothecated / mortgaged properties and certain lenders have also filed winding up petitions. These conditions indicate the existence of material uncertainty, which may cast significant doubt about Company's ability to continue as going concern.

These condensed interim financial statements have been prepared on going concern assumption because the above conditions are temporary and would reverse. The management is confident that the outcome will be positive as the company is negotiating reprofiling of the debt with all the lenders and the same is expected to be finalized in due course.

3 BASIS OF PREPARATION

This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting with the exception of departure of IFRS as mentioned in note 10, for which the management concludes that provisioning of mark up would conflict with the objectives of the financial statements.

These condensed interim financial statements of the Company for the quarter ended September , 2022 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information of the Company does not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual separate financial statements of the Company as at and for the year ended 30 June 2022.

This condensed interim financial information is presented in Pakistan Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest thousand.

The comparative financial position presented in this condensed interim financial information has been extracted from the audited annual separate financial statements of the Company for the year ended 30 June 2022, whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the period ended September 30,2021.

4 ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those followed in the preparation of the Company's annual unconsolidated financial statements for the year ended June 30, 2022.

Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Company's operations and did not have any impact on the accounting policies of the Company except where changes affected presentation and disclosures in this condensed interim financial information.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2022

5 ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgements made by management in the preparation of this condensed interim financial information are the same as those that were applied to the audited annual separate financial statements of the Company as at and for the year ended June 30, 2022.

	Note	Quarter ended	Year Ended
		September 30, 2022	June 30, 2022
		Unaudited	Audited
		(Rs. in '000)	
6 PROPERTY PLANT AND EQUIPMENTS			
Operating Property Plant and Equipments	6.1	753,827	765,959
6.1 WDV of Operating Fixed Assets			
Opening Balance		3,385,595	3,386,827
Add: Addition during the period		-	-
		<u>3,385,595</u>	<u>3,386,827</u>
Less: Deletion during the period		-	1,232
		<u>3,385,595</u>	<u>3,385,595</u>
Less : Accumulated Depreciation		<u>(2,631,768)</u>	<u>(2,619,636)</u>
		<u>753,827</u>	<u>765,959</u>
7 INVESTMENTS			
Investment in Ordinary shares of Dewan Cement Limited (DCL) - An associated company on equity method			
65,375,455 ordinary shares of Rs. 10 each		804,131	804,131
Share of Profit		13,303	105,352
		<u>817,434</u>	<u>909,483</u>
Fair value as per Market price Quoted in Pakisatn stock Exchange		342,567	353,027
Market value (Rupees per share)		5.24	5.40
Percentage of equity held		13.50%	13.50%

8 SHORT TERM BORROWING

The Short term borrowings have not been renewed by the Banks as of financial position date.

9 CONTINGENCIES AND COMMITMENTS

There is no material change in the contingencies and commitments since the last audited financial statements as at June 30, 2022 as disclosed the banks/Financial institutions filed suits aggregate amounting to Rs. 6.884 billion .

10 FINANCE COST

During the quarter ended September 30, 2022 the Company has not provided the markup on Long term and short term borrowings from banks and financial institutions to the extent of Rs. 204.704 million (2021: Rs.100.989 million). The management is hopeful that the decision of the court will be in favor of the Company and the restructuring proposal will be accepted by the lenders. However had the Company provided this amount in the financial statements during the year the loss of the Company would have been increased by Rs. 7.390 billion and consequently the Share holders equity would have been lower and accrued markup would have been higher by Rs.7.390 billion. The said non provisioning is the contravention with the requirements of IAS 23 "Borrowing Costs".

11 CASH & CASH EQUIVALENTS

	For the Quarter Ended	
	Sept 30, 2022	Sept 30, 2021
	Unaudited	
	(Rs. in '000)	
Cash & bank balances	131,224	127,235
Short term running finances	(1,978,024)	(1,978,024)
	<u>(1,846,801)</u>	<u>(1,850,789)</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2022

	For the Quarter Ended	
	Sept 30, <u>2022</u>	Sept 30, <u>2021</u>
	----- Unaudited -----	
	(Rs. in '000)	
12 (LOSS) PER SHARE - Basic/Diluted		
(Loss) for the period	(105,083)	(63,813)
Weighted average number of ordinary shares issued during the year	138,735	138,735
(Loss) Per Share -Basic/Diluted (Rupee)	(0.76)	(0.46)

13 TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS / RELATED PARTIES

Related parties transactions are carried out in the normal course of business. Material transaction during the period are given below:

	Quarter ended	Quarter ended
	September 30, 2022	September 30, 2021
	Unaudited	Unaudited
	(Rs. in '000)	
Loan from sponsor	6,000	1,000
Markup charged for the period on short term loan to associated undertaking	6,547	3,428
Short term loan from related party	-	4,729
Provident Fund	107	162
Share of (loss) on equity investment in Dewan Cement Limited	(92,049)	(38,816)

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

14 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 "Interim Financial Reporting", Statement of Financial Position has been compared with the Statement of financial Position of annual financial statements, whereas statement of profit or loss, statement of comprehensive income, Statement of cash flow and statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.

15 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on October 25, 2022 by the Board of Directors of the Company.

16 GENERAL

Figures have been rounded off to the nearest thousand rupees.

Muhsin Ali
Chief Financial Officer

Waseem-ul-Haque Ansari
Chief Executive

Abdul Basit
Director