

Half Yearly Report  
December 31,  
**2016**



**DEWAN FAROOQUE MOTORS LIMITED**

 **YD** | A YOUSUF DEWAN COMPANY

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## Company Information

### Executive Directors

Dewan Muhammad Yousuf Farooqui Chairman Board of Directors  
 Mr. Waseem-ul- Haque Ansari  
 Mr. Muhammad Naeemuddin Malik  
 Mr. Mohammad Saleem Baig

### Non-Executive Directors

Mr. Haroon Iqbal  
 Syed Muhammad Anwar

### Independent Director

Mr. Aziz-ul-Haque

### CHIEF EXECUTIVE OFFICER

Dewan Muhammad Yousuf Farooqui

### CFO & COMPANY SECRETARY

Mr. Muhammad Naeem Uddin Malik

### AUDIT COMMITTEE MEMBERS

Mr. Aziz-ul-Haque Chairman  
 Syed Muhammad Anwar Member  
 Mr. Haroon Iqbal Member

### HUMAN RESOURCE & REMUNERATION COMMITTEE MEMBERS

Mr. Haroon Iqbal Chairman  
 Dewan Mohammad Yousuf Farooqui Member  
 Mr. Aziz-ul-Haque Member

### BANKERS

Allied Bank of Pakistan Limited  
 Askari Bank Limited  
 Bank Al Falah Limited  
 Faysal Bank Limited  
 Habib Bank Limited  
 Meezan 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  
 Summit Bank  
 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

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

### CORPORATE OFFICE

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

### REGIONAL OFFICES

Lahore  
 Dewan Centre, PIA Tower,  
 Egerton Road,

### Islamabad

Plot # 6, Street # 9, Sector  
 G-8/2

### FACTORY

Jilaniabad, Budhu Talpur,  
 District Sajawal,  
 Sindh.

## Directors' Report

The Board of Directors of your Company takes pleasure in presenting the un-audited condensed interim financial statements of the Company for the six months' period ended December 31, 2016.

During the period under review the gross sales was Rs. 64.857 million, gross loss is Rs. 71.616 million and the after-tax loss is Rs. 29.629 million.

The sale of local Car/LCV sector for the six months' period ended December 31, 2016 has shown a decline of 13% as compared to the corresponding period of last year. The main reason for the decline in volume is the culmination of 'Apna Rozgar' scheme launched by the Government of Punjab. Adjusting for the last year's volumes under this scheme the segment has shown a positive growth. The launch of new sedan model, lower interest rates and improved law and order situation in the Country have supported the growth in the auto sector. With the improved economic indicators, the future outlook of the industry looks positive. The Company is going through tough conditions and making best endeavors to survive. A number of recovery suits have been instituted by Banks/Financial Institutions alleging default of company which are being successfully defended by our counsels. The proposal of re-profiling of the Company's debts is expected to be completed very soon. After the restructuring of debt, the Company's operation will be normalized. During the first quarter of the period under review, the Company has entered into an agreement with Daehan-Dewan Motor Company (Pvt.) Ltd for manufacture of vehicles under toll manufacturing arrangement. It is expected that the production will commence soon.

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.

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

Under / By Authority of the Board of Directors



**DEWAN MUHAMMAD YOUSUF FAROOQUI**  
Chief Executive

Karachi: February 25, 2017

## **AUDITORS' REVIEW REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

### **Introduction**

We have reviewed the accompanying Condensed balance sheet of Dewan Farooque Motors Limited ("the company") as at December 31, 2016 and the related Condensed profit and loss account, Condensed Statement of comprehensive income, Condensed cash flow statement and Condensed statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the 'Condensed interim financial statements') for the six months period then ended. Management is responsible for the preparation and Presentation of this Condensed interim financial statements in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this Condensed interim financial statements based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2016 and December 31, 2015 have not been reviewed as we are required to review only the cumulative figures for the Six month ended December 31, 2016.

### **Scope of Review**

We conducted our review in accordance with the International Standard on review engagements 2410, "Review of Condensed interim financial statements performed by the independent Auditor of the Entity". A review of Condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Basis of adverse opinion**

- a) The interim condensed financial statements of the company for the period ended December 31, 2016 as disclosed in note 2 to the interim condensed financial Statements reflect loss after taxation of Rs. 29.629 million and as of that date it has accumulated losses of Rs.3.442 billion which resulted in net capital deficiency of Rs. 2.055 billion and its current liabilities exceeded its current assets by Rs. 4.264 billion and total assets by Rs. 2.034 billion without providing the markup as refer in above para (b). The operations of the company were closed from November 2010 to August 2013 and its reclose since March 2014 due to working capital constraints. Furthermore, the company has been unable to ensure timely repayments of debts owing to financial institutions due to liquidity problems and short term finance facilities have expired and not been renewed by banks. Following course, certain lenders have gone into litigation for repayment of liabilities through attachment and sale of company's hypothecated / mortgaged properties. These conditions lead us to believe that the going concern assumption used in preparation of these financial Statements is inappropriate; consequently the assets and liabilities should have been stated at their realizable and settlement amounts respectively.

- b) The company has not made provision of markup for the period amounting to Rs. 160.079 million (refer note 11) on account of restructuring proposal offered to the lenders as described in note 2 to the financial statements. Non-provisioning of markup is based on management's hope that the restructuring proposal will be accepted by lenders in the proposed manner. In our opinion, since the proposal has not been accepted by the lenders so far and the lenders, instead of accepting the restructuring proposal, have preferred filing suits against the company, therefore the provision of markup should be made in these financial statements. Had the provision of markup been made in the financial statements, the loss after taxation for the half year would have been higher by Rs.160.079 million and markup payable would have been higher and shareholders' equity would have been lower by Rs. 4.563 billion.

**Adverse Conclusion**

Based on our review indicates that, because of the significance of the matter discussed in paragraph (a) coupled with financial impact of matter discussed in paragraph (b) above, this interim condensed financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.



**CHARTERED ACCOUNTANTS**

Audit Engagement Partner: Mohammad Tariq

Karachi:

Dated: February 25, 2017

## Condensed Interim Balance Sheet As at December 31, 2016

	Note	December 31, 2016 Unaudited	June 30, 2016 Audited
(Rs. in '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	6	1,117,254	1,158,584
Long-term deposits (with leasing companies)		36,000	36,000
Investment	7	1,076,571	1,012,246
<b>CURRENT ASSETS</b>			
Stores and spares		62,015	63,914
Stock-in-trade		64,116	95,907
Trade debts - considered good		50,733	22,859
Short term loans to associated undertakings - considered good		154,879	154,879
Advances, deposits, prepayments and other receivables - Considered good		820,860	786,406
Taxation - net		23,405	22,066
Cash and bank balances		130,555	138,609
		<b>1,306,563</b>	<b>1,284,640</b>
<b>TOTAL ASSETS</b>		<b>3,536,388</b>	<b>3,491,470</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Share Capital</b>			
<b>Authorized</b>			
150,000,000 (June 30, 2016: 150,000,000) Ordinary shares of Rs.10 each		<b>1,500,000</b>	<b>1,500,000</b>
<b>Issued, subscribed and paid-up</b>			
138,735,287 (June 30, 2016: 108,735,287) Ordinary shares of Rs.10 each		<b>1,387,353</b>	<b>1,087,353</b>
Advance against issue of share capital		-	300,000
<b>Reserves</b>		<b>(3,442,665)</b>	<b>(3,413,036)</b>
		<b>(2,055,312)</b>	<b>(2,025,683)</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term loans - secured		-	-
Liabilities against assets subject to finance lease		-	-
Long term security deposits		16,700	16,700
Deferred Liabilities		4,514	4,514
<b>CURRENT LIABILITIES</b>			
Loan from Director	8	74,349	-
Trade and other payables		2,316,445	2,291,766
Short term finances-secured	9	1,978,024	1,986,171
Current maturity of long term loans		1,164,915	1,179,429
Current maturity of liabilities against assets subject to finance lease		36,753	38,573
		<b>5,570,486</b>	<b>5,495,939</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	10		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,536,388</b>	<b>3,491,470</b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



**Dewan Muhammad Yousuf Farooqui**  
Chief Executive



**Haroon Iqbal**  
Director

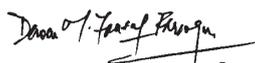
DEWAN FAROOQUE MOTORS LIMITED

**Condensed Interim Profit and Loss Account**

For the half year and quarter ended December 31, 2016

	Half Year Ended		Quarter Ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	-----Unaudited----- (Rs. in '000)			
<b>GROSS SALES</b>	<b>64,857</b>	<b>8,509</b>	<b>30,141</b>	<b>205</b>
Sales tax	7,979	1,251	4,799	33
Commission	20	110	20	-
	<u>7,999</u>	<u>1,361</u>	<u>4,819</u>	<u>33</u>
<b>NET SALES</b>	<b>56,858</b>	<b>7,148</b>	<b>25,322</b>	<b>172</b>
Cost of sales	128,474	67,272	64,078	30,369
<b>GROSS LOSS</b>	<b>(71,616)</b>	<b>(60,124)</b>	<b>(38,756)</b>	<b>(30,197)</b>
Distribution expenses	10,863	20,260	4,944	8,816
Administration and general expenses	17,109	14,641	10,187	7,098
	<u>27,972</u>	<u>34,901</u>	<u>15,131</u>	<u>15,914</u>
<b>OPERATING LOSS</b>	<b>(99,588)</b>	<b>(95,025)</b>	<b>(53,887)</b>	<b>(46,111)</b>
<b>OTHER INCOME</b>	<b>70,603</b>	<b>33,330</b>	<b>31,122</b>	<b>16,381</b>
	<u>(28,985)</u>	<u>(61,695)</u>	<u>(22,765)</u>	<u>(29,730)</u>
Finance cost	75	28	38	8
<b>LOSS BEFORE TAXATION</b>	<b>(29,060)</b>	<b>(61,723)</b>	<b>(22,803)</b>	<b>(29,738)</b>
<b>TAXATION</b>	<b>569</b>	<b>-</b>	<b>254</b>	<b>-</b>
<b>NET LOSS FOR THE PERIOD</b>	<b>(29,629)</b>	<b>(61,723)</b>	<b>(23,057)</b>	<b>(29,738)</b>
Basic / diluted (Loss) per share (Rupee)	<u>(0.22)</u>	<u>(0.46)</u>	<u>(0.24)</u>	<u>(0.22)</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



**Dewan Muhammad Yousuf Farooqui**  
Chief Executive



**Haroon Iqbal**  
Director

**Condensed Interim Statement of Comprehensive Income**  
**For the half year and quarter ended December 31, 2016**

	Half Year Ended		Quarter Ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	-----Unaudited----- (Rs. in '000)			
(Loss) for the period	(29,629)	(61,723)	(23,057)	(29,738)
<b>Other comprehensive loss for the period:</b>				
<b>Available for sale financial assets:</b>				
- Changes in fair value	-	(43,919)	-	(83,346)
<b>Total comprehensive loss for the period</b>	<u>(29,629)</u>	<u>(105,642)</u>	<u>(23,057)</u>	<u>(113,084)</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



**Dewan Muhammad Yousuf Farooqui**  
Chief Executive



**Haroon Iqbal**  
Director

DEWAN FAROOQUE MOTORS LIMITED

**Condensed Interim Cash Flow Statement**  
For the half year ended December 31, 2016

	December 31, 2016	December 31, 2015
	-----Unaudited----- (Rs. in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss) before taxation	(29,060)	(61,723)
Add / (Less) : Depreciation	41,332	44,808
Gain due to Change in valuation of investment in associates	(64,326)	-
Financial charges	75	28
	(22,919)	44,836
	(51,979)	(16,887)
Decrease in stores & spares	1,899	-
Decrease in stock in trade	31,791	1,024
(Increase) / Decrease in trade debts	(27,874)	5,518
Increase in advances, deposits, pre-payments & other receivables	(34,454)	(40,290)
Increase in trade, other payables and borrowings	24,679	17,582
Tax (paid)	(1,908)	(993)
Financial charges (paid)	(75)	(28)
Gratuity (paid)	-	(13)
	(5,942)	(17,200)
<b>Net cash flow from operating activities</b>	<b>(57,921)</b>	<b>(34,087)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure incurred	-	(2,141)
Short term loans (recovered from) associated undertakings	-	48,353
<b>Net cash flow from investing activities</b>	<b>-</b>	<b>46,212</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term loans (repaid)	(14,514)	-
Loan from Directors	74,349	-
Finance Lease repayments	(1,821)	-
<b>Net cash flow from financing activities</b>	<b>58,014</b>	<b>-</b>
<b>NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>93</b>	<b>12,125</b>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>(1,847,562)</b>	<b>(2,019,367)</b>
<b>CASH &amp; CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>(1,847,469)</b>	<b>(2,007,242)</b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



**Dewan Muhammad Yousuf Farooqui**  
Chief Executive



**Haroon Iqbal**  
Director

**Condensed Interim Statement of Changes in Equity**  
For the half year ended December 31, 2016

Share Capital	Advance against issue of share	Unappropriated Profit / (Loss)	Total
---------------	--------------------------------	--------------------------------	-------

(Rs. in '000)

<b>Balance as on July 01, 2015</b>	<b>1,087,353</b>	<b>-</b>	<b>(3,307,060)</b>	<b>(2,219,707)</b>
Total comprehensive loss for the period	-	-	(105,642)	(105,642)
<b>Balance as on December 31, 2015</b>	<b><u>1,087,353</u></b>	<b><u>-</u></b>	<b><u>(3,412,702)</u></b>	<b><u>(2,325,349)</u></b>
Balance as on July 01, 2016	1,087,353	300,000	(3,413,036)	(2,025,683)
Issued during the period	300,000	(300,000)	-	-
Total comprehensive loss for the period	-	-	(29,629)	(29,629)
<b>Balance as on December 31, 2016</b>	<b><u>1,387,353</u></b>	<b><u>-</u></b>	<b><u>(3,442,665)</u></b>	<b><u>(2,055,312)</u></b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



**Dewan Muhammad Yousuf Farooqui**  
Chief Executive



**Haroon Iqbal**  
Director

## Notes to the Condensed Interim Financial Statements For the half year ended December 31, 2016

### 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 Pakistan Stock Exchange. The registered office of the Company is situated at 7th floor, Block 'A', Finance and Trade Centre, Off - Shahrah-e-Faisal, Karachi, while its manufacturing facilities is situated at Jilianabad, Budhu Talpur, Distric Sajawal, Sindh.

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.

### 2 GOING CONCERN ASSUMPTION

The company incurred Loss after taxation of Rs. 29.629 million during the period ended December 31, 2016. As of that date it has accumulated losses of Rs. 3.442 billion and its current liabilities exceeded its current asset by Rs. 4.264 billion. Furthermore, cumulatively the company has not provided markup on its borrowings from banks and financial institutions amounting to Rs.4.564 billion. The working capital constraints resulted in closure of production activities leading to gross loss situation. The Company has suspended its production from November 2010 till August 2013 and again closed the production since March 2014. 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 the lenders have gone into litigations for repayment of liabilities amounting to Rs. 6.884 billion through attachment and sale of Company's hypothecated /mortgaged properties. The restructuring proposal submitted by the company to lenders is in the process of negotiation and is expected to be approved in near future. These conditions indicates the existance of material uncertainty, which may cast significant doubt about company 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 is expected to be finalized in due course. Accordingly, the company has approached its lenders for the restructuring of its entire debt in the following manner:

- a) All the debt obligations of the company be converted into interest bearing long term loan in proportion to their respective current exposures;
- b) Principle to be repaid in 10 years inclusive of 1 year grace period.
- c) Mark-up payable as on December 31, 2008 to be frozen and paid quarterly over a period of three years commencing after 3 months from the restructuring date.

The management believes that the restructuring proposal presented is workable and would enable the company to service its debts. Therefore, the management is confident that the proposal will be accepted by its lenders. Accordingly, these financial statements have been prepared on a going concern basis.

### **3 BASIS OF PREPARATION**

- 3.1 This condensed interim financial information of the Company for the period ended December 31, 2016 has been prepared in accordance with the requirements of the International Accounting Standards 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 3.2 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 2016.
- 3.3 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.
- 3.4 The comparative balance sheet 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 2016, 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 December 31, 2015.

### **4 ACCOUNTING POLICIES**

- 4.1 The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual separate financial statements of the Company for the year ended 30 June 2016.
- 4.2 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.

### **5 ESTIMATES AND JUDGMENTS**

- 5.1 The preparation of condensed interim financial information requires management to make judgments, 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.
- 5.2 Estimates and judgments 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 30 June 2016.

**DEWAN FAROOQUE MOTORS LIMITED**

Note	Half year ended December 31, 2016 Unaudited	Year Ended June 30, 2016 Audited
(Rs. in '000)		
<b>6</b>	<b>PROPERTY PLANT AND EQUIPMENTS</b>	
Operating Property Plant and Equipments 6.1	<b>1,117,254</b>	1,158,584
	<b><u>1,117,254</u></b>	<u>1,158,584</u>
<b>6.1</b>	<b>WDV of Operating Fixed Assets</b>	
Opening Balance	<b>3,378,036</b>	3,370,546
Add: Addition during the period	-	7,490
	<b>3,378,036</b>	3,378,036
Less: Deletion during the period	-	-
	<b>3,378,036</b>	3,378,036
Less : Accumulated Depreciation as on December 31, 2016 (June 30, 2016)	<b>(2,260,782)</b>	(2,219,452)
	<b><u>1,117,254</u></b>	<u>1,158,584</u>
<b>7</b>	<b>INVESTMENT</b>	
Investment in Ordinary shares of Dewan Cement Limited (DCL) - An associated company on equity method		
65,375,455 ordinary shares of Rs. 10 each	<b>804,131</b>	804,131
Share of Profit	<b>272,440</b>	208,115
	<b><u>1,076,571</u></b>	<u>1,012,246</u>
Fair value as per Market price Quoted in Pakistan Stock Exchange	<b>2,552,258</b>	946,636
<b>Market value (Rupees per share)</b>	<b>39.04</b>	15.48
<b>Percentage of equity held</b>	<b>13.50%</b>	13.50%
<b>8</b>	<b>LOAN FROM DIRECTOR</b>	
The loan obtained from director is interest free and payable on demand.		
<b>9</b>	<b>SHORT TERM BORROWING</b>	
The Short term borrowings has not been renewed by the Banks as of Balance sheet date.		

## 10 CONTINGENCIES AND COMMITMENTS

### Contingencies

There is no material change in the contingencies and commitments since the last audited financial statements as at June 30, 2016 as disclosed the banks/Financial institutions has filed suits aggregate amounting to Rs. 6.884 billion.

## 11 FINANCE COST

During the period ended December 31, 2016 the Company has not provided the markup on Long term and short term borrowing from banks and financial institutions to the extent of Rs.160.079 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.160.079 million and consequently the Share holders equity would have been lower and accrued markup would have been higher by Rs.4.563 billion. The said non provisioning is the contravention with the requirements of IAS 23 "Borrowing Costs".

Half Year Ended		Quarter Ended	
December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
-----Unaudited-----			
(Rs. in '000)			

## 12 LOSS PER SHARE - Basic/Diluted

Net Loss for the period	<u>(29,629)</u>	<u>(61,723)</u>	<u>(32,094)</u>	<u>(29,738)</u>
Weighted average number of ordinary shares issued during the period	<u>135,330</u>	<u>135,330</u>	<u>135,330</u>	<u>135,330</u>
Loss Per Share -Basic/Diluted (Rupees)	<u>(0.22)</u>	<u>(0.46)</u>	<u>(0.24)</u>	<u>(0.22)</u>

## 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:

**DEWAN FAROOQUE MOTORS LIMITED**

	Half year ended December 31, 2016 Unaudited	Year Ended June 30, 2016 Audited
(Rs. in '000)		
Sales	<b>63,891</b>	42
Markup charged for the period on short term loans to associated undertakings	<b>5,528</b>	25,813
Amount received against markup on short term loans to associated undertakings	-	5,000
Loan received / transferred to Advance Against Share Capital from Director	<b>74,349</b>	(36,198)
Loan recovered / settled from associated undertaking	-	584,105
Advance Against Share Capital	-	263,802
Shares against loan settlement	-	524,446
Provident Fund	<b>759</b>	1,497

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

**14 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements have been authorized for issue on February 25, 2017 by the Board of Directors of the Company.

**15 GENERAL**

Figures have been rounded off to the nearest thousand rupees.



**Dewan Muhammad Yousuf Farooqui**  
Chief Executive



**Haroon Iqbal**  
Director

