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DEWAN AUTOMOTIVE ENGINEERING LIMITED

Company Information

BOARD OF DIRECTORS

Executive Director
Mr. Haroon Iqbal
CEO & Chairman Board of Directors
Mr. Manzoor Ahmed

Non-Executive Directors

Mr. Waseem-ul-Haque Ansari
Mr. Muhammad Naeemuddin Malik
Syed Maqbool Ali
Mr. Ishtiaq Ahmed

Independent Director

Mr. Azizul Haque

COMPANY SECRETARY

Mr. Muhammad Naeemuddin Malik

AUDIT COMMITTEE

Mr. Azizul Haque
Mr. Ishtiaq Ahmed
Syed Maqbool Ali

Chairman
Member
Member

HUMAN RESOURCE & REMUNERATION

COMMITTEE

Syed Maqbool Ali
Mr. Haroon Iqbal
Mr. Waseem-ul-Haque Ansari

Chairman
Member
Member

AUDITORS

Faruq Ali & Company
Chartered Accountants
C-88, ground floor, KDA Scheme No. 1
Main Karsaz road,
Opposite maritime museum Karachi.

LEGAL ADVISORS

A. K Brohi

SHARE REGISTRAR / TRANSFER AGENT

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

BANKERS

Muslim Commercial Bank Ltd.
Bank Islami Pakistan Ltd.
Soneri Bank Ltd.

REGISTERED OFFICE

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

FACTORY

Dewan City Sajawal District Thatta, Sindh.

WEBSITE

www.yousufdewan.com



A YOUSUF DEWAN COMPANY

Directors' Report

The Board of Directors of your Company takes pleasure in presenting the un-audited condensed interim financial statements for the quarter ended September 30, 2015.

During the period under review net sales is nil, gross loss is Rs. 6.815 million and the after-tax loss is Rs. 11.165 million

Due to non-availability of banking lines, the production activity of the Company during the year remained suspended, resulting in unabsorbed fixed and other cost which ultimately contributed to the financial loss of the Company. The company is operating under tough conditions due to the aforesaid reason and making best endeavors to survive. To overcome the financial situation, the Company is taking various counter measures and has taken up the matter with the banks.

Conclusion:

In conclusion, we bow, beg and pray to Almighty Allah, Rehman-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.

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

Haroon Iqbal

Chief Executive Officer & Chairman

Karachi: February 07, 2019

DEWAN AUTOMOTIVE ENGINEERING LIMITED
Condensed Interim Balance Sheet
As At 30 September 2015

ASSETS	Note	September 30, 2015 (Un-audited)	June 30, 2015 (Audited)	
		(Rs. in '000)		
NON-CURRENT ASSETS				
Property, plant and equipment	5	333,193	340,011	
Available for sale investment	6	7,600	7,600	
Long term deposits		3,020	3,020	
CURRENT ASSETS				
Stock in trade	7	55,854	55,854	
Trade debts		1,397	1,397	
Advances - Considered good		5,106	4,973	
Short term deposits and receivables		16,008	16,008	
Advance income tax		2,585	2,576	
Available for sale investments - At fair value		595,893	543,150	
Cash and bank balances		387	136	
		<u>677,230</u>	<u>624,094</u>	
		<u>1,021,043</u>	<u>974,725</u>	
EQUITY AND LIABILITIES				
AUTHORIZED SHARE CAPITAL				
21,800,000 (June 2015: 21,800,000)				
Ordinary shares of Rs.10/- each		<u>218,000</u>	<u>218,000</u>	
NON-CURRENT LIABILITIES				
Long term loans - Unsecured	8	70,990	66,739	
Deferred liability for staff gratuity		16,158	16,158	
Deferred taxation		38,109	42,151	
CURRENT LIABILITIES				
Trade and other payables		371,182	372,013	
Mark-up accrued		730,697	721,752	
Short term finance	9	728,635	728,635	
Overdue portion of loan - Secured		11,250	17,500	
Current portion of long term loan		5,667	3,000	
		<u>1,847,431</u>	<u>1,842,900</u>	
CONTINGENCIES				
	10	--	--	
		<u>1,021,043</u>	<u>974,725</u>	

The annexed notes form an integral part of the interim condensed financial information.



Haroon Iqbal
Chief Executive Officer



Muhammad Naeem Uddin Malik
Director



A YOUSUF DEWAN COMPANY

Condensed Interim Profit And Loss Account - (Un-audited)
For The Quarter Ended 30 September 2015

Note	Quarter Ended	
	September 30, 2015	September 30, 2014

-----(Rupees in '000)-----

Sales - Net	--	--
Cost of sales	(6,815)	(7,803)
Gross loss	(6,815)	(7,803)
Operating expenses		
Distribution expenses	(136)	(151)
Administrative expenses	(1,542)	(1,485)
	(1,678)	(1,636)
Operating loss	(8,493)	(9,439)
Other income	2	12
Finance cost	11	(6,716)
Loss before taxation		(24,892)
Deferred taxation		2,881
Loss after taxation		(31,438)
Loss per share - Basic and diluted	(0.52)	(1.47)

The annexed notes form an integral part of the interim condensed financial information.

Haroon Iqbal
 Chief Executive Officer

Muhammad Naeem Uddin Malik
 Director

DEWAN AUTOMOTIVE ENGINEERING LIMITED

**Condensed Interim Statement Of Comprehensive Income -
(Un-audited)
For The Quarter Ended 30 September 2015**

Half Year Ended	
September 30, 2015	September 30, 2014

-----(Rupees in '000)-----

Loss for the period	(11,165)	(31,438)
Changes in fair values of available for sale financial asset	52,743	(31,048)
Transfer from surplus on revaluation of property, plant and equipment in respect		
- Incremental depreciation	2,245	2,450
- Related deferred tax	(718)	(809)
	1,527	1,641
Total comprehensive income / (loss) for the period	43,105	(60,845)

The annexed notes form an integral part of the interim condensed financial information.


Haroon Iqbal

Chief Executive Officer


Muhammad Naeem Uddin Malik

Director



A YOUSUF DEWAN COMPANY

**Condensed Interim Statement Of Cash Flows - (Un-audited)
For The Quarter Ended 30 September 2015**

September 30, 2015	September 30, 2014
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(Rs. in '000)

CASH FLOWS FROM OPERATING ACTIVITIES

Loss before taxation

(15,207)

(34,319)

Adjustment for non-cash and other items

Depreciation

6,818

9,208

Amortization of deferred cost & intangible assets

--

49

Unwinding of discount / present value adjustment - Net

(2,696)

2

Finance cost

9,412

24,890

13,534

34,149

(1,673)

(170)

Changes in operating assets and liabilities

(Increase) / decrease in current assets

--

--

Stock in trade

(133)

51

Advances

(831)

3,718

Increase / (decrease) in current liabilities

(964)

3,769

Trade and other payables

(9)

(53)

Income tax - Net

(467)

(1,653)

Finance cost

(476)

(1,706)

Net cash (outflows) / inflows from operating activities

(3,113)

1,893

CASH FLOWS FROM INVESTING ACTIVITIES

CASH FLOWS FROM FINANCING ACTIVITIES

Long term loans

6,947

--

Repayment of long term loan

(3,583)

(1,500)

Payment of long term loan

--

(1,500)

Net cash inflows / (outflows) from financing activities

3,364

(1,500)

Net increase in cash and cash equivalents

251

393

Cash and cash equivalents at beginning of the period

136

175

Cash and cash equivalents at end of the period

387

568

The annexed notes form an integral part of the interim condensed financial information.

Haroon Iqbal
Chief Executive Officer

Muhammad Naeem Uddin Malik
Director

DEWAN AUTOMOTIVE ENGINEERING LIMITED

Condensed Interim Statement Of Changes In Equity - (Un-audited)
For The Quarter Ended September 30, 2015

Issued, subscribed and paid-up share capital	Capital reserves			Revenue reserves		Total
	Merger reserve	Unrealized (loss) / gain due to change fair value of Investments	Settlement claim from Ford	General reserve	Accumulated losses	
----- (Rupees in '000) -----						
Balance as at 1 July 2014	214,000	82,090	209,479	86,194	9,900	(1,836,343) (1,234,680)
Total comprehensive loss for the year						
Loss for the period	-	-	-	-	-	(31,438) (31,438)
Net change in fair value of available-for-sale financial assets	-	-	(31,048)	-	-	(31,048)
Incremental depreciation transfer from surplus on revaluation of property, plant and equipment - Net of tax	-	-	-	-	-	1,641 1,641
	-	-	(31,048)	-	-	(29,797) (60,845)
Balance as at 30 September 2014	214,000	82,090	178,431	86,194	9,900	(1,866,140) (1,295,525)
Balance as at 1 July 2015	214,000	82,090	478,810	86,194	9,900	(1,943,567) (1,072,573)
Total comprehensive loss for the year						
Loss for the period	-	-	-	-	-	(11,165) (11,165)
Net change in fair value of available-for-sale financial assets	-	-	52,743	-	-	52,743
Incremental depreciation transfer from surplus on revaluation of property, plant and equipment - Net of tax	-	-	-	-	-	1,527 1,527
	-	-	52,743	-	-	(9,638) 43,105
Balance as at 30 September 2015	214,000	82,090	531,553	86,194	9,900	(1,953,205) (1,029,468)

The annexed notes form an integral part of the interim condensed financial information.

Haroon Iqbal
Chief Executive Officer

Muhammad Naeem Uddin Malik
Director



A YOUSUF DEWAN COMPANY

Notes To The Condensed Interim Financial Informations - (Un-audited) For The Quarter Ended 30 September 2015

1 THE COMPANY AND ITS OPERATIONS

Devan Automotive Engineering Limited is a public Limited Company quoted on Pakistan Stock Exchange Limited (trading in defaulter counter). The Company's business is the assembly-cum progressive manufacture and sale of tractors, light commercial vehicles and motorcycles and trading / manufacturing of parts and implements related thereto. The Company was incorporated on May 6, 1982 and commenced commercial operations in August, 1983. The Company was taken over by Dewan Mushtaq Group in April 2004. The Company's registered office is located at 7th Floor, Block-A, Finance & Trade Centre, Shahrah-e-Faisal, Karachi.

2 BASIS OF PREPARATION

The interim condensed financial information is un-audited but subject to limited scope review by the auditors and is required to be presented to the share holders under section 245 of the ordinance and has been prepared in a condensed form in accordance with the requirements of the international accounting standard (IAS-34) "interim financial reporting" as applicable in Pakistan. The figures of the interim condensed profit and loss account for the quarters ended 30, September 2015 and 2014 have not been reviewed by the auditors of the company as they have reviewed the cumulative figures for the half year ended 31, December 2015 and 2014. The interim condensed financial information does not include all the information and disclosure 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, 2015.

3 GOING CONCERN ASSUMPTION

The condensed interim financial information for the quarter ended 30 September 2015 reflect that the Company has sustained a net loss after taxation of Rs.11.165 million (June 2015: Rs.113.790 million) and, as of that date it has accumulated losses of Rs.1,953.205 million (June 2015: Rs.1,943.567 million) which have resulted in net capital deficiency of Rs.1,029.468 million (June 2015: Rs.1,072.573 million) and its current liabilities exceeded its current assets by Rs.1,170.201 million (June 2015: Rs.1,218.806 million) and total assets by Rs. 826.388 million (June 2015: Rs.868.175 million). The Company has been unable to ensure scheduled repayments of borrowings and to the creditors due to the liquidity problems. Following course, certain lenders has gone into litigation for repayment of liabilities through attachment and sale of the Company's hypothecated / mortgaged properties. These conditions indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. therefore the Company may not be able to realize its assets and discharge its liabilities in normal course of business.

DEWAN AUTOMOTIVE ENGINEERING LIMITED

The Company has restructured its entire debts except one and also been paid as per term of restructuring agreements. The management is also confident that the outcome of the pending litigation will be positive as the Company is negotiating re-profiling of the debt with the lender. Therefore, the management is confident that the proposal will be accepted by the lender and pending litigations will be withdrawn. Accordingly, these condensed interim financial information have been prepared on a going concern basis.

4 SIGNIFICANT ACCOUNTING POLICIES

- 4.1 The accounting policies adopted in the preparation of this condensed interim financial information are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2015.
- 4.2 The preparation of condensed interim financial information in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and judgment applied by the management in preparation of this condensed interim financial information is same as those applied in preparation of annual financial statements of the company for the year ended 30 June 2015.



A YOUSUF DEWAN COMPANY

Note	September 30, 2015 (Un-audited)	June 30, 2015 (Audited)
	(Rs. in '000)	

5 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets - At cost less accumulated depreciation	<u>333,193</u>	<u>340,011</u>
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6 AVAILABLE FOR SALE INVESTMENT

Investment in associated company		
Dewan Mushtaq Trade Limited (Public, unquoted company)		
4,000,000 (June 2015: 4,000,000)	40,000	40,000
Ordinary shares of Rs.10/- each	(32,400)	(32,400)
Accumulated impairment loss on investment		
	<u>7,600</u>	<u>7,600</u>

6.1 Since these investment is in unquoted company therefore this is measured at cost less accumulated impairment because the fair value can not be measured reliably.

7 STOCK IN TRADE

Raw materials and components	127,861	127,861
Work in process	2,701	2,701
Finished goods - Manufacturing stock	3,567	3,567
Trading stock	30,263	30,263
	<u>164,392</u>	<u>164,392</u>
Provision for slow moving and obsolescence stocks	(108,538)	(108,538)
	<u>55,854</u>	<u>55,854</u>

8 LONG TERM LOAN - Unsecured

From director - At amortized cost		
Loan received - Opening	8.1	224,739
Received during the year		6,947
Accumulated present value adjustment		(201,286)
Accumulated interest charged to profit and loss account		40,590
		<u>70,990</u>
		<u>38,643</u>
		<u>66,739</u>

DEWAN AUTOMOTIVE ENGINEERING LIMITED

8.1 The above loan is interest free and unsecured. This loan shall be treated as subordinated to the principal amounts of the long term debt owing to the creditors of the Company from time to time and to all debts of the Company from time to time owing to the banks and financial institutions and accordingly may only be repaid by the Company in whole or in part provided that upon such repayment, the Company shall comply with the debt to equity ratio requirements of the Prudential Regulations of State Bank of Pakistan as applicable to the Company for the time being.

Since the loan is interest free and repayable in lump sum on 30 June 2026, as per the requirements of International Financial Reporting Standards (IFRSs) it has been discounted to its fair value, being the present value of the expected future cash flows at 11.67% per annum.

Note	September 30, 2015 (Un-audited)	June 30, 2015 (Audited)
	(Rs. in '000)	

9 SHORT TERM FINANCE

From financial institutions - Secured Short term running finance	9.1	49,310	49,310
From related party (associated company) - Unsecured Interest bearing	9.2	679,325 <u>728,635</u>	679,325 <u>728,635</u>

- 9.1 This represents short term bank borrowing from a commercial bank against limit of Rs.50 million at mark-up rate ranging from 2% over 6 months KIBOR (June 2013: from 2% over 6 months KIBOR) payable quarterly in arrears. The facility is secured by way of first charge over stock in trade and receivables of the Company. The facility has not been renewed by the bank, however the Company has approached its lenders for restructuring of liabilities and further the bank has gone into litigation as more fully explained in 30 June 2015 financial statements.
- 9.2 This is an unsecured finance from associated company, which carries mark-up @ 15.62% per annum (June 2015: @ 9.07% per annum).

10 CONTINGENCIES

There has been no significant change in the status of contingencies as reported in the annual financial statements for the year ended 30 June 2015.

11 FINANCE COST AND MARK-UP ACCRUED

The Company has not made the provision of mark-up for the period amounting to Rs.1.693 million (Up to 30 June 2015: Rs.64.675 million) keeping in view of the financial restructuring proposed to the lender. Management is hopeful that the restructuring proposal will be accepted by the lender. Had the provision been made the loss for the period would have been higher by Rs.1.693 millions and accrued mark-up would have been higher and shareholders' equity would have been lower by Rs.66.368 million. The said non provisioning is departure from the requirements of IAS-23 'Borrowing Costs'.



A YOUSUF DEWAN COMPANY

12 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise related group companies, associate, directors and executives. The Company in the normal course of business carries out transactions with various related parties. Material transactions and balances with related parties are given below:

Note	September 30, 2015 (Un-audited)	September 30, 2014 (Audited)
	(Rs. in '000)	

Associated Company:

Mark-up expense	8,945	23,238
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The transaction with associated companies are in the normal course of business and have been entered on an arm's length basis.

13 CORRESPONDING FIGURES

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

14 DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue on 07 February 2019 by the Board of Directors of the Company.

15 GENERAL

These financial statements are presented in Rupees and figures have been rounded off to the nearest thousand rupees.

Haroon Iqbal
Chief Executive Officer

Muhammad Naeem Uddin Malik
Director