

Half Yearly Report
December 31, 2018



DEWAN AUTOMOTIVE ENGINEERING LIMITED

 YD | A YOUSUF DEWAN COMPANY

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DEWAN AUTOMOTIVE ENGINEERING LIMITED

Company Information

BOARD OF DIRECTORS

Executive Director

Mr. Haroon Iqbal
Mr. Waseem-ul-Haque Ansari

Chairman Board of Directors
Chief Executive Officer

Non-Executive Directors

Mr. Muhammad Naeemuddin Malik
Syed Maqbool Ali
Mr. Muhammad Irfan Ali
Mr. Ishtiaq Ahmed

Independent Director

Mr. Azizul Haque

CHIEF FINANCIAL OFFICER

Mr. Muhammad Naeemuddin Malik

COMPANY SECRETARY

Mr. Muhammad Naeemuddin Malik

AUDIT COMMITTEE

Mr. Azizul Haque
Mr. Ishtiaq Ahmed
Syed Maqbool Ali

Chairman
Member
Member

**HUMAN RESOURCE &
REMUNERATION COMMITTEE**

Mr. Azizul Haque
Mr. Haroon Iqbal
Syed Maqbool Ali

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

Bank Islami Pakistan 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

IF YE GIVE THANKS, I WILL GIVE YOU MORE (HOLY QURAN)

The Board of Directors of your Company takes pleasure in presenting the un-audited condensed interim financial statements for the six months period ended December 31, 2018.

During the period under review the net sales is Rs. 6.250 million, gross loss is Rs. 14.889 million and the after-tax loss is Rs. 32.075 million.

The automobile industry has always been the backbone of any economy. The automobile industry is unique as it encompasses practically all available engineering technologies. An automobile is an integrated product created through the hard work of a multitude of auto part manufacturers, who apply multiple technologies to create a synergistic whole.

It has been an eventful, but tough, six months for automakers in Pakistan as key developments on the macroeconomic front proved to be hard-hitting for the auto sector.

The rupee witnessed massive depreciation against the US dollar, which then led to the existing carmakers raising their prices on multiple occasions to pass the impact of increased cost on to the consumers and as a result, the earnings of automobile companies dropped. The continuous depreciation in Pak Rupees against US Dollar, sale of vehicles only to tax filers and the rise in interest rates will further have a negative impact on the growth as this has directly impact on the automobile and allied industries too, though the company has started the limited operation based on the group company requirements but due to non-availability of working capital the company could not tap the market. Once working capital is available then the company can exploit its full potential.

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)


Waseem-ul-Haq Ansari
Chief Executive Officer


Syed Maqbool Ali
Director

Karachi: February 25, 2019

ڈائریکٹر پورٹ

دیوان آٹوموٹو انجینئرنگ لیمیٹڈ کا بورڈ آف ڈائریکٹر زمور 18 دسمبر 2018ء کو ختم ہونے والی ششماہی کے غیر آڈٹ شدہ مالی حسابات کی رپورٹ یعنی گوشوارے آپ کے سامنے رکھتے ہوئے مسٹر کے ساتھ خیر مقدم کرتا ہے۔

زیر نظر ششماہی میں کمپنی کی خالص فروخت 6.250 ملین روپے، کل خسارہ 14.889 ملین جیکہ یعداً لیکس خالص خسارہ 32.0750 ملین روپے پر ہے۔

آٹوموبائل کی صنعت کی بھی معیشت کی ریڑھ کی بڑی کی حیثیت رکھتی ہے۔ آٹوموبائل صنعت اس لحاظ سے منفرد ہے کہ یہ تمام دستیاب انجینئرنگ کو عملی طور پر شامل کرتی ہے۔ آٹوموبائل ایک مریبوٹ صنعت ہے جس میں انجینئرنگ بینالوجی کی صنعتوں کی مشترک محنت سے پر زہ جات کی پیداوار کی جاتی ہے۔

یہ ششماہی آٹوموٹو صنعت کیلئے خاصی مشکل رہی۔ ڈالر کے مقابلے میں روپے کی قدر میں خاطر خواہ گراوٹ دیکھی گئی۔ جس کی وجہ سے مقامی طور پر گاڑیاں بیٹانے والوں کوئی موقع پر قیتوں میں اضافہ کرنا پڑا۔ روپے کی قدر میں مسلسل گراوٹ، صرف فائلر زکو گاڑی کی فروخت نے آٹوموبائل کی صنعت کو مزید نقصان پہنچایا۔

کمپنی نے اگرچہ محدود پیداواری سرگرمیاں شروع کی ہیں مگر سماں کی قلت کی وجہ سے مارکیٹ کی ضروریات پوری کرنا مشکل ہے۔ سرماں کی دستیابی کی صورت میں کمپنی اپنی پوری صلاحیت کو استعمال کر سکتی ہے۔

آخر میں ہم اللہ تبارک و تعالیٰ کے حضور حبیب ریز ہو کر دعا کرتے ہیں کہ وہ نبی کریمؐ کے ویلے سے ہماری مدد اور ہمتانی کرتا رہے اور کمپنی، قوم اور وطن عزیز کو اپنی حفظ و امان میں رکھے اور ہر پورتی کرنے کی توفیق عطا کرے۔ ساتھ ہی اللہ تعالیٰ سے دعائیں ہیں کہ امت مسلمہ میں امن، چین اور بھائی چارہ پیدا کرے۔ (آمین)۔

بورڈ کے ڈائریکٹران کی جانب سے

سید متبول علی
ڈائریکٹر

وسیم الحق انصاری
چیف ایگزیکیوٹیو فیسر

کراچی، ہورمہ 25 فروری 2019ء



A YOUSUF DEWAN COMPANY



FARUQ ALI & CO
CHARTERED ACCOUNTANTS

C-88, Ground Floor, KDA Scheme No. 1, Telephone : (021) 34301966
Main Karsaz Road, Opp. Maritime : (021) 34301967
Museum, Karachi-75350 : (021) 34301968
E-mail: info@fac.com.pk : (021) 34301969
Fax : (021) 34301965

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Dewan Automotive Engineering Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Dewan Automotive Engineering Limited as at 31 December 2018 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended 31 December 2018 and 31 December 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December 2018.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of 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 for Adverse Opinion

- a) The condensed interim financial statements of the Company have been prepared on going concern basis despite of the fact that the Company incurred a net loss of Rs.32.075 million during the period ended 31 December 2018, and, as of that date it has accumulated losses of Rs.1,655.461 million which have resulted in net capital deficiency of Rs.1,181.710 million and its current liabilities exceeded its current assets by Rs.1,269.515 million and total assets by Rs.993.672 million and operations of the Company are closed. Furthermore, the Company is in litigation with its lender. 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.

DEWAN AUTOMOTIVE ENGINEERING LIMITED



- b) The Company has not made provision of markup for the period amounting to Rs.0.764 million (Up to June: 2018: Rs.14.337 million) (Refer to note 10.1) in these condensed interim financial statements. Had the provision of mark-up been made, the loss after taxation would have been higher by Rs.0.764 million and mark-up payable would have been higher and shareholders' equity would have been lower by Rs.15.101 million.
- c) The liability for staff retirement benefits reflected in these condensed interim financial statements amounting to Rs.17.073 million is not based on actuarial valuation as required by the International Accounting Standard - 19 'Employee Benefits' as actuarial valuation of the same has not been carried out during the period and accordingly the related disclosures cannot be given. In the absence of actuarial valuation, we are unable to quantify the financial effect that may have on these condensed interim financial statements.

Adverse conclusion

Our review indicates that, because of the significance of the matters discussed in paragraph (a) to (c) above, this condensed interim financial statements is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The engagement partner on the review engagement resulting in this independent auditors' review report is Muhammad Faisal Nini.

A handwritten signature in black ink, appearing to read 'Muhammad Faisal Nini'.

CHARTERED ACCOUNTANTS

Place: Karachi

Dated: February 25, 2019



A YOUSUF DEWAN COMPANY

Condensed Interim Statement Of Financial Position
As On 31 December 2018

ASSETS	Note	December 31, 2018 (Un-audited)	June 30, 2018 (Audited)	
		(Rs. in '000)		
NON-CURRENT ASSETS				
Property, plant and equipment	5	270,503	265,695	
Available for sale investment	6	2,320	2,320	
Long term deposits - Interest free		3,020	3,020	
CURRENT ASSETS				
Stock in trade		1,132	3,111	
Advances, prepayment and other receivable		26,563	26,281	
Advance income tax - Net		3,421	3,430	
Cash and bank balances		113	3,132	
		31,229	35,954	
		307,072	306,989	
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorised share capital				
21,800,000 (June 2018: 21,800,000)				
Ordinary shares of Rs.10/- each		218,000	218,000	
		<hr/>	<hr/>	
Issued, subscribed and paid-up share capital		214,000	214,000	
Capital reserve				
Merger reserve		82,090	82,090	
Settlement claim from Ford Motors		86,194	86,194	
Surplus on revaluation of property, plant and equipment	7	81,567	71,168	
Revenue reserves				
General reserve		9,900	9,900	
Accumulated losses		(1,655,461)	(1,626,470)	
		<hr/>	<hr/>	
		(1,181,710)	(1,163,118)	
NON-CURRENT LIABILITIES				
Long term loans - Unsecured	8	138,711	129,875	
Deferred liability for staff gratuity		17,073	16,922	
Deferred taxation		32,254	29,987	
CURRENT LIABILITIES				
Trade and other payables		364,755	365,481	
Short term finance		154,879	154,879	
Accrued mark-up		769,860	761,713	
Overdue portion of loans - Secured		11,250	11,250	
		1,300,744	1,293,323	
CONTINGENCIES AND COMMITMENTS				
	9	--	--	
		307,072	306,989	

The annexed notes form an integral part of these financial statements.

Waseem-ul-Haque Ansari
Chief Executive Officer

Syed Maqbool Ali
Director

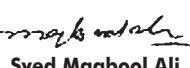
Muhammad Naeem Uddin Malik
Chief Financial Officer

DEWAN AUTOMOTIVE ENGINEERING LIMITED
Condensed Interim Statement of Profit or Loss - (Un-audited)
For The Half Year Ended 31 December 2018

Note	Half Year Ended		Quarter Ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
			(Rs. in '000)	
Sales - Net	6,250	110	--	110
Cost of sales	(21,139)	(14,472)	(13,865)	(7,672)
Gross loss	(14,889)	(14,362)	(13,865)	(7,562)
Operating expenses				
Distribution expenses - depreciation	(264)	(225)	(162)	(113)
Administrative expenses	(4,858)	(1,347)	(2,380)	(798)
	(5,122)	(1,572)	(2,542)	(911)
Operating loss	(20,011)	(15,934)	(16,407)	(8,473)
Other income	29	11	7	10
Finance cost	10 (14,274)	(10,988)	(6,835)	(8,196)
Loss before taxation	(34,256)	(26,911)	(23,235)	(16,659)
Taxation - Net	2,181	2,186	1,712	1,625
Loss for the year	(32,075)	(24,725)	(21,523)	(15,034)
Loss per share - Basic and diluted (Rupees)	(1.50)	(1.16)	(1.99)	(0.70)

The annexed notes form an integral part of these financial statements.


Waseem-ul-Haque Ansari
 Chief Executive Officer


Syed Maqbool Ali
 Director


Muhammad Naeem Uddin Malik
 Chief Financial Officer

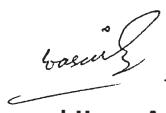


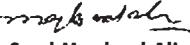
A YOUSUF DEWAN COMPANY

**Condensed Interim Statement Of Comprehensive Income -
(Un-audited)**
For The Half Year Ended 31 December 2018

	Half Year Ended December 31, 2018	Half Year Ended December 31, 2017	Quarter Ended December 31, 2018	Quarter Ended December 31, 2017
(Rs. in '000)				
Loss for the period	(32,075)	(24,725)	(21,523)	(15,034)
Other comprehensive income for the period:				
Items that will not be reclassified to profit or loss				
Surplus on revaluation of property, plant and equipment	18,009	--	18,009	--
Related deferred tax	(4,526)	--	(4,526)	--
	13,483	--	13,483	--
Total comprehensive loss for the period	(18,592)	(24,725)	(8,040)	(15,034)

The annexed notes form an integral part of these financial statements.


Waseem-ul-Haque Ansari
Chief Executive Officer


Syed Maqbool Ali
Director

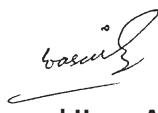

Muhammad Naeem Uddin Malik
Chief Financial Officer

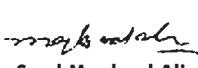
DEWAN AUTOMOTIVE ENGINEERING LIMITED

**Condensed Interim Statement Of Cash Flows - (Un-audited)
For The Half Year Ended 31 December 2018**

	December 31, 2018 (Un-audited)	December 31, 2017 (Un-audited)
(Rs. in '000)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(34,256)	(26,911)
Adjustment for non cash charges and other items		
Depreciation	13,201	11,242
Unwinding of discount / present value adjustment - Net	6,111	5,398
Provision for gratuity	151	--
Finance cost	14,274	5,590
Cash (outflows) before working capital changes	(519)	(4,681)
Working capital changes		
(increase)/decrease in current assets		
Stock in trade	1,979	--
Advances, prepayments and other receivables	(282)	36
Increase/(decrease) in current liabilities		
Trade and other payables	(726)	2,871
	971	2,907
Net cash generated / (used in) operations	452	(1,774)
Payments for:		
Finance cost	(6,127)	(4)
Income tax	(69)	(158)
Net cash outflows from operating activities	(5,744)	(1,936)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loan from director	2,725	2,111
Net cash inflows from financing activities	2,725	2,111
Net (decrease) / increase in cash and cash equivalents	(3,019)	175
Cash and cash equivalents at the beginning of the year	3,132	132
Cash and cash equivalents at the end of the year	113	307

The annexed notes form an integral part of these financial statements.


Waseem-ul-Haque Ansari
Chief Executive Officer


Syed Maqbool Ali
Director


Muhammad Naeem Uddin Malik
Chief Financial Officer



A YOUSUF DEWAN COMPANY

**Condensed Interim Statement Of Changes In Equity - (Un-audited)
For The Half Year Ended 31 December 2018**

Issued, subscribed and paid-up share capital	Capital reserves				Revenue reserves			Total
	Merger reserve	Revaluation surplus on property, plant & equipments	Settlement claim from Ford	Capital reserves	General reserve	Accumulated losses	Revenue reserves	
----- (Rupees in '000) -----								
Balance as at 1 July 2017 - As restated	214,000	82,090	86,194	75,656	243,940	9,900	(1,584,053)	(1,574,153) (1,116,213)
Loss for the period ended 31 December 2017	-	-	-	-	-	-	(24,725)	(24,725) (24,725)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	(24,725)	(24,725) (24,725)
Incremental depreciation transfer from surplus on revaluation of property, plant and equipment - Net of tax	-	-	-	[2,784]	[2,784]	-	2,784	2,784 -
Balance as at 31 December 2017 - Restated	214,000	82,090	86,194	72,872	241,156	9,900	(1,605,994)	(1,596,094) (1,140,938)
Balance as at 1 July 2018	214,000	82,090	86,194	71,168	239,452	9,900	(1,626,470)	(1,616,570) (1,163,118)
Loss for the period ended 31 December 2018	-	-	-	-	-	-	(32,075)	(32,075) (32,075)
Other comprehensive income	-	-	-	13,483	13,483	-	-	- 13,483
Total comprehensive loss for the period	-	-	-	13,483	13,483	-	(32,075)	(32,075) (18,592)
Incremental depreciation transfer from surplus on revaluation of property, plant and equipment - Net of tax	-	-	-	[3,084]	[3,084]	-	3,084	3,084 -
Balance as at 31 December 2018	214,000	82,090	86,194	81,567	249,851	9,900	(1,655,461)	(1,645,561) (1,181,710)

The annexed notes form an integral part of these financial statements.

Waseem-ul-Haque Ansari
Chief Executive Officer

Syed Maqbool Ali
Director

Muhammad Naeem Uddin Malik
Chief Financial Officer

DEWAN AUTOMOTIVE ENGINEERING LIMITED

**Notes To The Condensed Interim Financial Statements
(Un-audited)**
For The Half Year Ended 31 December 2018

1 THE COMPANY AND ITS OPERATIONS

Dewan 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.

During the year 2017, the Company received notices from Pakistan Stock Exchange Limited (PSX) in respect of non-compliance of clause 5.11.1.(c) and 5.11.1.(e) of the PSX Regulations therefore it was placed on defaulters' counter of PSX and trading of its shares was suspended. The Company has rectified the default and has requested for removal of Company from defaulter's counter. Hence no action by the exchange under clause 5.11.1.(c) & 5.11.1.(e) is warranted under the said circumstance.

2 GOING CONCERN ASSUMPTION

The condensed interim financial statements for the half year ended 31 December 2018 reflect that the Company has sustained a net loss after taxation of Rs.32.075 million (June 2018: Rs.47.985 million) and, as of that date it has accumulated losses of Rs.1,655.461 million (June 2018: Rs.1,626.470 million) which have resulted in net capital deficiency of Rs.1,181.710 million (June 2018: Rs.1,163.118 million) and its current liabilities exceeded its current assets by Rs.1,269.515 million (June 2018: Rs.1,257.369 million) and total assets by Rs.993.672 million (June 2018: Rs.986.334 million) and operations of the Company are closed. Furthermore, the Company is in litigation with its lender. 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.

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 statements have been prepared on a going concern basis.



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3 BASIS OF PREPARATION

- 3.1 These condensed interim financial statements of the Company for the six months ended 31 December 2018 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.
- 3.2 These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 30 June 2018.
- 3.3 The figures included in the condensed interim profit and loss account for the quarters ended 31 December 2018 and 2017 and in the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended 31 December 2018 and 2017.

4 SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and methods of computation adopted and applied in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2018, except as described below:

- 4.1 New standards, amendments and interpretation to published approved accounting and reporting standards which are effective during the half year ended 31 December 2018.

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period which began on 1 July 2018. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial statements.

In addition to that two new standards (i.e. IFRS 9 and IFRS 15) have become applicable to the Company effective 1 July 2018. Because of these new standards certain changes to the Company's accounting policies have been made in light of the following paragraphs:

- IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

DEWAN AUTOMOTIVE ENGINEERING LIMITED

- IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The changes laid down by these standard do not have any significant impact on these condensed interim financial statements of the Company.

4.2 New standards and amendments to published approved accounting and reporting standards that are not yet effective

There is a new standard, certain amendments and an interpretation to the approved accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after 1 July 2019. However, these will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

- 4.3 The preparation of condensed interim financial statements requires management to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended 30 June 2018.

December 31, 2018 (Un-audited)	June 30, 2018 (Audited)
(Rs. in '000)	

5 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets - At cost less accumulated depreciation	<u><u>270,503</u></u>	<u><u>265,695</u></u>
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A YOUSUF DEWAN COMPANY

5.1 Operating fixed assets - At cost / revaluation less accumulated depreciation

PARTICULARS	December 2018								Rate %	
	COST / REVALUATION			DEPRECIATION				Book value as at 31 December 2018		
	As at 1 July 2018	Revaluation during the period	(Deletions)	As at 31 December 2018	As at 1 July 2018	(On disposals)	Charge for the period			
(Rupees in '000)										
Freehold land										
Cost	1,202	--	--	1,202	--	--	--	1,202	--	
Revaluation	1,198	2,400	--	3,598	--	--	--	3,598	--	
Factory building on freehold land										
Cost	120,427	--	--	120,427	49,313	--	1,777	51,090	69,337 5 to 10	
Revaluation	93,136	3,477	--	96,613	39,224	--	1,435	40,659	55,954 5	
Plant and machinery										
Cost	232,224	--	--	232,224	155,915	--	6,083	161,998	70,226 10	
Revaluation	91,876	12,132	--	104,008	45,830	--	2,909	48,739	55,269 10	
Computer and allied	3,293	--	--	3,293	3,149	--	9	3,158	135 10 to 30	
Furniture and office equipment	26,106	--	--	26,106	19,823	--	315	20,138	5,968 10	
Motor vehicles	63,138	--	--	63,138	59,208	--	394	59,602	3,536 20	
Tools and equipment	11,104	--	--	11,104	8,538	--	128	8,666	2,438 10	
Refrigerators and air conditioners	1,506	--	--	1,506	1,293	--	11	1,304	202 10	
Electrical appliances	318	--	--	318	235	--	4	239	79 10	
Jigs and fixtures	735	--	--	735	621	--	6	627	108 10	
Electrical fittings	6,494	--	--	6,494	4,585	--	96	4,681	1,813 10	
Dies	4,205	--	--	4,205	3,535	--	34	3,569	636 10	
Patterns	112	--	--	112	110	--	--	110	2 20	
TOTAL	657,074	18,009	--	675,083	391,379	--	13,201	404,580	270,503	

PARTICULARS	June 2018								Rate %	
	COST / REVALUATION			DEPRECIATION				Book value as at 30 June 2018		
	As at 1 July 2017	Additions during the year	(Deletions)	As at 30 June 2018	As at 1 July 2017	(On disposals)	Charge for the year			
(Rupees in '000)										
Freehold land										
Cost	1,202	--	--	1,202	--	--	--	1,202	--	
Revaluation	1,198	--	--	1,198	--	--	--	1,198	--	
Factory building on freehold land										
Cost	120,427	--	--	120,427	45,570	--	3,743	49,313	71,114 5 to 10	
Revaluation	93,136	--	--	93,136	36,387	--	2,837	39,224	53,912 5	
Plant and machinery										
Cost	232,224	--	--	232,224	147,437	--	8,478	155,915	76,309 10	
Revaluation	91,876	--	--	91,876	40,714	--	5,116	45,830	46,046 10	
Computer and allied	3,293	--	--	3,293	3,127	--	22	3,149	144 10 to 30	
Furniture and office equipment	25,830	276	--	26,106	19,126	--	697	19,823	6,283 10	
Motor vehicles	64,577	--	(1,439)	63,138	59,573	(1,347)	982	59,208	3,930 20	
Tools and equipment	11,104	--	--	11,104	8,253	--	285	8,538	2,566 10	
Refrigerators and air conditioners	1,506	--	--	1,506	1,269	--	24	1,293	213 10	
Electrical appliances	318	--	--	318	226	--	9	235	83 10	
Jigs and fixtures	735	--	--	735	608	--	13	621	114 10	
Electrical fittings	6,494	--	--	6,494	4,372	--	213	4,585	1,909 10	
Dies	4,205	--	--	4,205	3,461	--	74	3,535	670 10	
Patterns	112	--	--	112	109	--	1	110	2 20	
TOTAL	658,237	276	(1,439)	657,074	370,232	(1,347)	22,494	391,379	265,695	

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Note	December 31, 2018 (Un-audited)	June 30, 2018 (Audited)
	(Rs. in '000)	

6 AVAILABLE FOR SALE INVESTMENT

Investment in associated company		
Devan Mushtaq Trade Limited		
(Public, unquoted company)		
4,000,000 (June 2018: 4,000,000)		
Ordinary shares of Rs.10/- each	40,000	40,000
Provision for impairment loss	(37,680)	(37,680)
	<u>2,320</u>	<u>2,320</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.

6.2 Investments in associated company or undertakings have been made in accordance with the requirements under the Act.

7 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

The surplus revaluation is restated and now presented as a separate capital reserve in these condensed interim financial statements.

Note	December 31, 2018 (Un-audited)	June 30, 2018 (Audited)
	(Rs. in '000)	
Balance as at 1 July	71,168	75,656
Revaluation during the year	18,009	--
Related deferred tax	(4,526)	--
Effect of change in tax rates	--	1,080
Incremental depreciation charged on related assets during the year - Net of tax	(3,084)	(5,568)
	<u>81,567</u>	<u>71,168</u>

7.1 This represents surplus on revaluation of freehold land, factory building and plant and machinery. The revaluation are carried on the basis of market value or depreciated replacement values as applicable. The latest revaluation was carried out at June 2018 by an independent valuer M/s. Anderson Consulting (Private) Limited which resulted in surplus amounting to Rs.18.009 million.

7.2 The revaluation surplus on property, plant and equipment is a capital reserve, and is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.



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Note	December 31, 2018 (Un-audited)	June 30, 2018 (Audited)
	(Rs. in '000)	

8 LONG TERM LOAN - Unsecured

From director - At amortized cost			
Loan received - Opening	8.1	314,064	307,105
Received during the year		2,725	6,959
Accumulated present value adjustment		(254,916)	(253,449)
Accumulated interest charged to profit and loss account		76,838	69,260
		<u>138,711</u>	<u>129,875</u>

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.

9 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 2018.

10 FINANCE COST

	Half Year Ended		Quarter Ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	(Rs. in '000)			
Mark-up on borrowings from related parties	8,147	5,586	4,509	2,795
Unwinding of discount / present value adjustment - Net	6,111	5,398	2,322	5,398
Bank charges	16	4	4	3
	<u>14,274</u>	<u>10,988</u>	<u>6,835</u>	<u>8,196</u>

DEWAN AUTOMOTIVE ENGINEERING LIMITED

10.1 Company has not made the provision of mark-up for the period amounting to Rs.0.764 million (Up to 30 June 2018: Rs.14.337 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 year would have been higher by Rs.0.764 millions and accrued mark-up would have been higher and shareholders' equity would have been lower by Rs.15.101 million. The said non provisioning is departure from the requirements of IAS-23 'Borrowing Costs'.

11 TRANSACTIONS WITH RELATED PARTIES

Related parties include associated group companies, directors, executives, key management personnel and staff retirement funds. The transaction with associated companies are in the normal course of business and have been entered on an arm's length basis. The remuneration paid to chief executive, directors, executive and key management personnel in terms of their employment. Material transactions with related parties are given below:

Name of the related party	Basis of relationship	Percentage of shareholding	Nature of transactions during the year	(Un-audited) 31 December	
				2018	2017 ——— (Rupees '000) ———
Dewan Farooq Motors Limited	Common director	0.120%	Mark up expense	8,147	5,586

12 CORRESPONDING FIGURES

Consequent to the introduction of changes in accounting and reporting standards applicable to the listed companies through Companies Act, 2017, the Company's accounting policy of the revaluation surplus on property, plant and equipment have been changed and applied retrospectively to comply with the accounting and reporting standards applicable to the Company.

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.

13 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 25, 2019 in accordance with the resolution of the Board of Directors of the Company.

14 GENERAL

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


Waseem-ul-Haque Ansari
Chief Executive Officer


Syed Maqbool Ali
Director


Muhammad Naeem Uddin Malik
Chief Financial Officer

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