

## Contents

Company Information .....	03
Directors' Report (English) .....	04
Directors' Report (Urdu) .....	05
Condensed Interim Balance Sheet .....	06
Condensed Interim Statement of Profit and Loss .....	07
Condensed Interim Statement of Comprehensive Income .....	08
Condensed Interim Statement of Cash Flows .....	09
Condensed Interim Statement of Changes in Equity .....	10
Notes to the Condensed Interim Financial Information .....	11



DEWAN AUTOMOTIVE ENGINEERING LIMITED

## Company Information

### BOARD OF DIRECTORS

#### Executive Director

Mr. Haroon Iqbal  
CEO & Chairman Board of Directors

#### Non-Executive Directors

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

### HUMAN RESOURCE & REMUNERATION COMMITTEE

Syed Maqbool Ali	Chairman
Mr. Haroon Iqbal	Member
Mr. Waseem-ul-Haque Ansari	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](http://www.yousufdewan.com)

## 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 quarter and nine months' period ended March 31, 2018.

During the period under review the net sales was Rs. 4.205 million, gross loss is Rs.20.137 million and the after-tax loss is Rs.33.731 million.

The sale of local Car/LCV sector for the nine months' period ended March 31, 2018 has shown a growth of 16% as compared to the corresponding period of last year. Rising income levels, easy availability of bank finance at attractive rates and demand for vehicles by customers engaged in ride hailing services are the main reasons for the growth. With the positive GDP growth and enhanced economic activity coupled with new players coming in the market, the future outlook of automobile industry looks positive. The Company is going through tough conditions and making best endeavors to survive. We are pleased to inform that production activity has commenced and we hope that the operations will be normalized.

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



**HAROON IQBAL**  
Chief Executive Officer & Chairman



**SYED MAQBOOL ALI**  
Director

Karachi: April 27, 2018

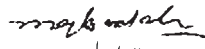
## ڈائریکٹرز رپورٹ


دیوان آٹوموٹیو و انجینئرنگ لمیٹڈ کا بورڈ آف ڈائریکٹرز مورخہ 31 مارچ 2018ء کو ختم ہونے والی نو ماہی کے غیر آڈٹ شدہ رپورٹ مع مالی گوشوارے آپ کے سامنے پیش کرتے ہوئے مسرت کے ساتھ خیر مقدم کرتا ہے۔ زیر نظر نو ماہی رپورٹ میں کمپنی کی کارکردگی کچھ اس طرح رہی۔ فروخت 4.205 ملین روپے، مجموعی خسارہ 20.137 ملین روپے اور بعد از ٹیکس خالص خسارہ 33.731 ملین روپے ہے۔

مورخہ 31 مارچ 2018ء کو ختم ہونے والی نو ماہی کے دوران مقامی طور پر تیار ہونے والی کار/LCV کی تیاری میں گزشتہ سال کے مقابلے میں 16% کا اضافہ نظر آ رہا ہے۔ شرح پیداوار میں اضافہ کی بنیادی وجہ اقتصادی صورتحال میں بہتری، بیٹیکوں کا کم شرح سود پر کارفنانسنگ اور مسافروں کی نقل و حمل میں کاروں کا بڑھتا ہوا استعمال ہے۔ جی ڈی پی اور معاشی سرگرمیوں میں اضافہ نیز نئے صنعت کاروں کے آنے کے باعث گاڑیوں کی صنعت مستقبل میں بہتر ہوتی نظر آ رہی ہے۔

کمپنی مشکل حالات کے باوجود اپنی کاروباری سرگرمیوں کو جاری رکھنے کیلئے بھرپور کوشش کر رہی ہے۔ ہم انتہائی مسرت کے ساتھ آپ کو یہ اطلاع دے رہے ہیں کہ کمپنی کی پیداواری سرگرمیوں کا آغاز ہو گیا ہے اور ہم پُر امید ہیں کہ آنے والے دنوں میں سرگرمیاں مکمل طور پر معمول پر آ جائیں گی۔

آخر میں ہم اللہ سبحانہ و تعالیٰ سے دعا گو ہیں کہ وہ نبی آخر الزماں حضرت محمد ﷺ پر کروڑ ہا رحمتیں اور برکتیں نازل فرمائے اور حضرت محمد ﷺ کے صدقہ طفیل میں ہمیں درست رہنمائی کے ساتھ طاقت اور صحت عطا فرمائے۔ ہماری کمپنی کو ملک و قوم کی خوشحالی کا باعث بنائے۔ ہمیں امن و سکون، اخوت و بھائی چارے کے ساتھ سچی ملت اسلامیہ بنائے۔ آمین یا رب العالمین۔

  
سید مقبول علی  
ڈائریکٹر

  
بارون اقبال  
چیف ایگزیکٹو آفیسر و چیئرمین

کراچی مورخہ 27 اپریل 2018ء

## Condensed Interim Balance Sheet As at March 31, 2018

	Note	March 31, 2018 (Un-audited)	June 30, 2017 (Audited) (Restated)
(Rs. in '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	271,058	288,005
Available for sale investment	6	7,120	7,120
Long term deposits		3,020	3,020
<b>CURRENT ASSETS</b>			
Stock in trade	7	--	--
Advances - Considered good		13,144	10,059
Sales tax receivable		16,008	16,008
Advance income tax		2,544	2,277
Cash and bank balances		769	132
		32,465	28,476
		<b>313,663</b>	<b>326,621</b>
<b>EQUITY AND LIABILITIES</b>			
<b>AUTHORIZED SHARE CAPITAL</b>			
21,800,000 (June 2017: 21,800,000)			
Ordinary shares of Rs.10/- each		218,000	218,000
Issued, subscribed and paid-up share capital		214,000	214,000
Revaluation surplus on property plant & equipments		63,581	67,561
Reserves - Net		178,184	178,184
Accumulated losses		(1,604,480)	(1,574,729)
		(1,148,715)	(1,114,984)
<b>NON-CURRENT LIABILITIES</b>			
Long term loans - Unsecured	8	124,951	113,726
Deferred liability for staff gratuity		16,926	16,720
Deferred taxation		28,937	32,223
<b>CURRENT LIABILITIES</b>			
Trade and other payables		366,781	362,635
Mark-up accrued		758,654	750,172
Short term finance	9	154,879	154,879
Overdue portion of loan - Secured		11,250	11,250
		1,291,564	1,278,936
<b>CONTINGENCIES</b>			
	10	--	--
		<b>313,663</b>	<b>326,621</b>

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



**Haroon Iqbal**  
Chief Executive Officer



**Syed Maqbool Ali**  
Director



**Muhammad Naeem Uddin Malik**  
Chief Financial Officer

DEWAN AUTOMOTIVE ENGINEERING LIMITED

**Condensed Interim Profit And Loss Account - (Un-audited)**  
For The Nine Months Ended 31 March 2018

	Nine Months Ended		Quarter Ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Note	-----Unaudited----- (Rs. in '000)			
<b>Sales - Net</b>	<b>4,205</b>	<b>--</b>	<b>4,095</b>	<b>--</b>
Cost of sales	(24,342)	(25,274)	(9,870)	(7,578)
Gross loss	(20,137)	(25,274)	(5,775)	(7,578)
<b>Operating expenses</b>				
Distribution expenses	(337)	(371)	(112)	(124)
Administrative expenses	(2,657)	(2,974)	(1,310)	(909)
	(2,994)	(3,345)	(1,422)	(1,033)
<b>Operating loss</b>	<b>(23,131)</b>	<b>(28,619)</b>	<b>(7,197)</b>	<b>(8,611)</b>
Other income	20	9	9	1
Finance cost	(13,899)	(8,279)	(2,911)	(2,749)
Loss before taxation	(37,010)	(36,889)	(10,099)	(11,359)
Deferred taxation	3,279	1,131	1,093	493
<b>Loss after taxation</b>	<b>(33,731)</b>	<b>(35,758)</b>	<b>(9,006)</b>	<b>(10,866)</b>
Loss per share - Basic and diluted	(1.58)	(1.67)	(0.42)	(0.51)

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



**Haroon Iqbal**  
Chief Executive Officer



**Syed Maqbool Ali**  
Director



**Muhammad Naeem Uddin Malik**  
Chief Financial Officer

**Condensed Interim Comprehensive Income - (Un-audited)**  
for the nine months ended 31 March 2018

	Nine Months Ended		Quarter Ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	-----Unaudited----- (Rs. in '000)			
Loss for the period	(33,731)	(35,758)	(24,046)	(23,489)
<b>Total comprehensive loss for the period</b>	<u>(33,731)</u>	<u>(35,758)</u>	<u>(24,046)</u>	<u>(23,489)</u>

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



**Haroon Iqbal**  
Chief Executive Officer



**Syed Maqbool Ali**  
Director



**Muhammad Naeem Uddin Malik**  
Chief Financial Officer




DEWAN AUTOMOTIVE ENGINEERING LIMITED

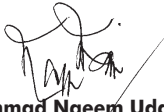
**Condensed Interim Statement Cash Flows - (Un-audited)**  
For The Nine Months Ended 31 March 2018

	March 31, 2018	March 31, 2017
-----Unaudited----- (Rs. in '000)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(37,010)	(36,889)
<b>Adjustment for non-cash and other items</b>		
Depreciation	16,850	18,556
Other Income	(20)	(9)
Unwinding of discount / present value adjustment - Net	5,398	--
Provision for gratuity	206	
Finance cost	8,501	8,279
	30,935	26,826
	(6,075)	(10,063)
<b>Changes in operating assets and liabilities</b>		
(Increase) / decrease in current assets		
Advances	(3,085)	(6,262)
Increase / (decrease) in current liabilities		
Trade and other payables	4,149	2,933
	1,064	(3,329)
<b>Payments for:</b>		
Income tax - Net	(261)	(111)
Finance cost	(15)	(2)
	(276)	(113)
Net cash outflows from operating activities	(5,287)	(13,505)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	97	4
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term loan from director	5,827	14,814
Short term finance - Unsecured	--	65
Net cash inflow from financing activities	5,827	14,879
Net increase in cash and cash equivalents	637	1,378
Cash and cash equivalents at beginning of the period	132	143
<b>Cash and cash equivalents at end of the period</b>	<b>769</b>	<b>1,521</b>

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

  
**Haroon Iqbal**  
Chief Executive Officer

  
**Syed Maqbool Ali**  
Director

  
**Muhammad Naeem Uddin Malik**  
Chief Financial Officer

## Condensed Interim Statement Of Changes In Equity - (Un-audited) For The Nine Months Ended 31 March 2018

Issued, subscribed and paid-up share capital	Capital reserves			Revenue reserves		Total
	Merger reserve	Settlement claim from Ford	General reserve	Revaluation surplus on property, plant & equipments	Accumulated losses	

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

<b>Balance as at 1 July 2016 - as reported</b>	214,000	82,090	86,194	9,900		(1,542,161)	(1,149,977)
Effect of change in accounting policy					73,244		73,244
<b>Balance as at 1 July 2016 - Restated</b>	214,000	82,090	86,194	9,900	73,244	(1,542,161)	(1,076,733)
Total comprehensive loss for the year							
Loss for the period	-	-	-	-		(35,758)	(35,758)
Incremental depreciation transfer from surplus on revaluation of property, plant and equipment - Net of tax	-	-	-	-	(2,297)	2,297	-
	-	-	-	-	(2,297)	(33,461)	(35,758)
<b>Balance as at 31 March 2017</b>	<b>214,000</b>	<b>82,090</b>	<b>86,194</b>	<b>9,900</b>	<b>70,947</b>	<b>(1,575,622)</b>	<b>(1,112,491)</b>
<b>Balance as at 1 July 2017 - Restated</b>	214,000	82,090	86,194	9,900	67,561	(1,574,729)	(1,114,984)
Total comprehensive loss for the year							
Loss for the period	-	-	-	-		(33,731)	(33,731)
Incremental depreciation transfer from surplus on revaluation of property, plant and equipment - Net of tax	-	-	-	-	(3,980)	3,980	-
	-	-	-	-	(3,980)	(29,751)	(33,731)
<b>Balance as at 31 March 2018</b>	<b>214,000</b>	<b>82,090</b>	<b>86,194</b>	<b>9,900</b>	<b>63,581</b>	<b>(1,604,480)</b>	<b>(1,148,715)</b>

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



**Haroon Iqbal**  
Chief Executive Officer



**Syed Maqbool Ali**  
Director



**Muhammad Naeem Uddin Malik**  
Chief Financial Officer

**Notes To The Condensed Interim Financial Information - (Un-audited)  
For The Nine Months Ended 31 March 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 information for the nine months ended 31 March 2018 reflect that the Company has sustained a net loss after taxation of Rs.33.731 million (June 2017: Rs.38.250 million) and, as of that date it has accumulated losses of Rs.1,604.480 million (June 2017: Rs.1,574.729 million) which have resulted in net capital deficiency of Rs.1,148.715 million (June 2017: Rs.1,114.984 million) and its current liabilities exceeded its current assets by Rs.1,259.112 million (June 2017: Rs.1,250.460 million) and total assets by Rs.977.915 million (June 2017: Rs.952.315 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.

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.

### **3 STATEMENT OF COMPLIANCE**

- 3.1 During the preceding financial year, the Companies Act 2017 (the Act) was promulgated, however, as per Securities and Exchange Commission of Pakistan's (SECP) circular 23 of 2017 dated October 04, 2017 as clarified by Institute of Chartered Accountants of Pakistan vide its circular no 17/2017 dated October 06, 2017, the companies shall prepare their annual and interim condensed interim financial information for the periods ending on or before December 31, 2017 in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, this condensed interim financial information of the Company for the nine months ended March 31, 2018 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed.
- 3.2 This condensed interim financial information 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 2017.
- 3.3 The figures included in the condensed interim profit and loss account for the quarters ended 31 March 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 2017 and 2016.

### **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 2017.
- 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 2017.

**DEWAN AUTOMOTIVE ENGINEERING LIMITED**

Note	March 31, 2018 (Un-audited)	June 30, 2017 (Audited)
------	-----------------------------------	-------------------------------

(Rs. in '000)

**5 PROPERTY, PLANT AND EQUIPMENT**

Operating fixed assets - At cost less accumulated depreciation	<b>271,058</b>	288,005
--	----------------	---------

**6 AVAILABLE FOR SALE INVESTMENT**

Investment in associated company Dewan Mushtaq Trade Limited (Public, unquoted company) 4,000,000 (June 2017: 4,000,000) Ordinary shares of Rs.10/- each	<b>40,000</b>	40,000
Accumulated impairment loss on investment	<b>(32,880)</b>	(32,880)
	<b>7,120</b>	7,120

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.

Note	March 31, 2018 (Un-audited)	June 30, 2017 (Audited)
------	-----------------------------------	-------------------------------

(Rs. in '000)

**7 STOCK IN TRADE**

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

**8 LONG TERM LOAN - Unsecured**

<b>From director - At amortized cost</b>		
Loan received - Opening	<b>307,105</b>	246,980
Received during the period / year	<b>5,827</b>	60,125
Present value adjustment	<b>(250,606)</b>	(249,368)
Interest charged to profit and loss account	<b>62,625</b>	55,989
	<b>124,951</b>	113,726

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	March 31, 2018 (Un-audited)	June 30, 2017 (Audited)
(Rs. in '000)			
<b>9 SHORT TERM FINANCE</b>			
From related party (associated company) - Unsecured Interest bearing	9.1	<b>154,879</b>	154,879

9.1 This is an unsecured finance from associated company, which carries mark-up @ 7.14% per annum (June 2017: @ 7.14% per annum).

## 10 CONTINGENCIES AND COMMITMENTS

There has been no significant change in the status of contingencies and commitments as reported in the annual financial statements for the year ended 30 June 2017.

## 11 FINANCE COST AND MARK-UP ACCRUED

Company has not made the provision of mark-up for the period amounting to Rs.0.397 million (Up to 30 June 2017: Rs.13.181 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.0.397 millions and accrued mark-up would have been higher and shareholders' equity would have been lower by Rs.13.578 million. The said non provisioning is departure from the requirements of IAS-23 'Borrowing Costs'.

## DEWAN AUTOMOTIVE ENGINEERING LIMITED

Note	March 31, 2018 (Un-audited)	March 31, 2017 (Audited)
	(Rs. in '000)	

### 12 TRANSACTIONS WITH RELATED PARTIES

#### Associated company:

Mark-up expense	<u>8,482</u>	<u>8,277</u>
-----------------	--------------	--------------

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 April 27, 2018 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



**Syed Maqbool Ali**  
Director



**Muhammad Naeem Uddin Malik**  
Chief Financial Officer

