

## Contents

Company Information .....	02
Directors' Report (English) .....	03
Directors' Report (Urdu) .....	04
Independent Auditors' Report To The Members .....	05
Condensed Interim Balance Sheet .....	07
Condensed Interim Statement of Profit and Loss .....	08
Condensed Interim Statement of Comprehensive Income .....	09
Condensed Interim Statement of Cash Flows .....	10
Condensed Interim Statement of Changes in Equity .....	11
Notes to the Condensed Interim Financial Information .....	12

## 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 six months' period ended December 31, 2017.

During the period under review the net sales is Rs.0.110 million, gross loss is Rs.14.362 million and the after-tax loss is Rs.24.725 million.

The sale of local Car/LCV sector for the six months' period ended December 31, 2017 has shown a growth of 21% as compared to the corresponding period of last year. The main reason for the increase in demand is the rising income levels, auto financing at low interest rates, positive reception of new models and rapid demand by customers plying their vehicles for hire with Uber and Careem. With the positive GDP growth coupled with availability of auto financing at lower rates, the outlook of the industry continued to be positive. The Company is going through tough conditions and making best endeavors to survive and has taken up the matter with the banks.

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

Karachi: April 27, 2018

## ڈائریکٹرز رپورٹ

دیوان آٹوموٹیووائجنجینئرنگ لمیٹڈ کا بورڈ آف ڈائریکٹرز مورخہ 31 دسمبر 2017ء کو ختم ہونے والی ششماہی کے غیر آڈٹ شدہ رپورٹ مع مالی گوشوارے آپ کے سامنے پیش کرتے ہوئے مسرت کے ساتھ خیر مقدم کرتا ہے۔ اقتصادی جائزہ زیر نظر ششماہی رپورٹ میں کمپنی کی کارکردگی کچھ اس طرح رہی کہ فروخت 0.110 ملین جبکہ مجموعی خسارہ 14.362 ملین روپے اور بعد از ٹیکس خسارہ 24.725 ملین روپے رہا۔

مورخہ 31 دسمبر 2017ء کو ختم ہونے والی ششماہی کے حسابات میں مقامی طور پر تیار ہونے والی کار/LCV کی تیاری میں گزشتہ سال کے مقابلے میں %21 زیادہ رہی۔ شرح پیداوار میں اضافہ کی بنیاد وجہ اقتصادیات میں بہتری، ٹیکنیکل کام شرح سود پر کارفنانسنگ، نئے ماڈل کی گاڑیوں کی آمد اور کریم/اوبر میں گاڑیوں کا استعمال ہے۔

جی ڈی پی اور معاشی سرگرمیوں میں اضافہ کے باعث کم شرح سود پر کارفنانسنگ کو فروغ حاصل ہو رہا ہے۔ جسکے باعث گاڑیوں کی صنعت میں بہتری نظر آرہی ہے۔

کمپنی مشکل حالات سے گزر رہی ہے اور اپنی بقا کیلئے سخت محنت کر رہی ہے اور معاملات کو ٹیکنیکل کے سامنے رکھا ہے۔

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 یارب العالمین۔



ہارون اقبال

چیف ایگزیکٹو آفیسر و چیئرمین

کراچی مورخہ 27 اپریل 2018ء

## **Independent Auditors' Report To The Members On Review Of Condensed Interim Financial Information**

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of **Dewan Automotive Engineering Limited** (the Company) as at 31 December 2017, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity together with the notes forming part thereof for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures for the quarters ended 31 December 2017 and 31 December 2016 included in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion thereon.

### **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 information 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 conclusion**

- a) The condensed interim financial information for the period ended 31 December 2017 has been prepared on going concern assumption despite of the fact that the Company incurred loss after taxation of Rs.24.725 million as of that date it has accumulated losses of Rs. 1,596.810 million which have resulted in net capital deficiency of Rs. 1,204.626 million and its current liabilities exceeded its current assets by Rs. 1,258.620 million and total assets by Rs. 971.717 million and operations of the Company are closed. The Company is placed on defaulters' counter of Pakistan Stock Exchange Limited and trading of its shares was suspended. Furthermore, the Company has been unable to ensure timely repayments of its debts as well as creditors due to liquidity problems. 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.0.266 million (Up to 30 June 2017: Rs.13.181 million) (refer note 11) on account of restructuring proposal offered to the lenders as described in note 2 to the condensed interim financial information. 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 suit against the Company, therefore the provision of markup should be made in these condensed interim financial information. Had the provision of markup been made in the condensed interim financial information, the loss after taxation would have been higher by Rs.0.266 million and markup payable would have been higher and shareholders' equity would have been lower by Rs.13.447 million.
- c) The liability for staff retirement benefits reflected in these condensed interim financial information amounting to Rs.16.720 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. In the absence of actuarial valuation, we are unable to quantify the financial effect that may have on this condensed interim financial information.
- d) The figures for the half year ended 31 December 2016 included in the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity and in the notes forming part thereof have not been reviewed and we do not express a conclusion thereon.

**Adverse conclusion**

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

Dated: 27 April, 2018  
Place: Karachi



**CHARTERED ACCOUNTANTS**  
Engagement partner: **Muhammad Faisal Nini**

DEWAN AUTOMOTIVE ENGINEERING LIMITED

**Condensed Interim Balance Sheet**  
**As at December 31, 2017**

	Note	December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
(Rs. in '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	276,763	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		10,023	10,059
Sales tax receivable		16,008	16,008
Advance income tax		2,435	2,277
Cash and bank balances		307	132
		<u>28,773</u>	<u>28,476</u>
		<u>315,676</u>	<u>326,621</u>
<b>EQUITY AND LIABILITIES</b>			
<b>AUTHORIZED SHARE CAPITAL</b>			
21,800,000 (June 2017: 21,800,000)			
Ordinary shares of Rs. 10/- each		<u>218,000</u>	<u>218,000</u>
Issued, subscribed and paid-up share capital		214,000	214,000
Reserves - Net		178,184	178,184
Accumulated losses		<u>(1,596,810)</u>	<u>(1,574,729)</u>
		<u>(1,204,626)</u>	<u>(1,182,545)</u>
Surplus on revaluation of property, plant and equipment		64,917	67,561
<b>NON-CURRENT LIABILITIES</b>			
Long term loans - Unsecured	8	121,235	113,726
Deferred liability for staff gratuity		16,720	16,720
Deferred taxation		30,037	32,223
<b>CURRENT LIABILITIES</b>			
Trade and other payables		365,506	362,635
Mark-up accrued		755,758	750,172
Short term finance	9	154,879	154,879
Overdue portion of loan - Secured		11,250	11,250
		<u>1,287,393</u>	<u>1,278,936</u>
<b>CONTINGENCIES</b>			
	10	--	--
		<u>315,676</u>	<u>326,621</u>

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



**Haroon Iqbal**  
Chief Executive Officer



**Muhammad Naeem Uddin Malik**  
Director

## Condensed Interim Profit And Loss Account - (Un-audited) For The Half Year Ended 31 December 2017

	Half Year Ended		Quarter Ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
<b>Note</b>	(Rs. in '000)			
<b>Sales - Net</b>	<b>110</b>	<b>--</b>	<b>110</b>	<b>--</b>
Cost of sales	<u>(14,472)</u>	<u>(17,696)</u>	<u>(7,672)</u>	<u>(8,711)</u>
Gross loss	<u>(14,362)</u>	<u>(17,696)</u>	<u>(7,562)</u>	<u>(8,711)</u>
<b>Operating expenses</b>				
Distribution expenses	<u>(225)</u>	<u>(247)</u>	<u>(113)</u>	<u>(123)</u>
Administrative expenses	<u>(1,347)</u>	<u>(2,065)</u>	<u>(798)</u>	<u>(1,015)</u>
Other expenses	<u>--</u>	<u>--</u>	<u>(911)</u>	<u>(1,138)</u>
	<u>(1,572)</u>	<u>(2,312)</u>	<u>(1,822)</u>	<u>(2,276)</u>
<b>Operating loss</b>	<u>(15,934)</u>	<u>(20,008)</u>	<u>(9,384)</u>	<u>(10,987)</u>
Other income	<b>11</b>	<b>8</b>	<b>10</b>	<b>8</b>
Finance cost	<u>(10,988)</u>	<u>(5,529)</u>	<u>(8,196)</u>	<u>(2,781)</u>
Loss before taxation	<u>(26,911)</u>	<u>(25,529)</u>	<u>(17,570)</u>	<u>(13,760)</u>
Deferred taxation	<b>2,186</b>	<b>1,276</b>	<b>1,619</b>	<b>638</b>
<b>Loss after taxation</b>	<u>(24,725)</u>	<u>(24,253)</u>	<u>(15,951)</u>	<u>(13,122)</u>
Loss per share - Basic and diluted	<u>(1.16)</u>	<u>(1.13)</u>	<u>(0.75)</u>	<u>(0.61)</u>

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 Comprehensive Income - (Un-audited)**  
**For The Half Year Ended 31 December 2017**

	Half Year Ended		Quarter Ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	(Rs. in '000)			
Loss for the period	(24,725)	(24,253)	(15,040)	(11,984)
Transfer from surplus on revaluation of property, plant and equipment in respect				
- Incremental depreciation	3,778	4,118	1,889	2,059
- Related deferred tax	(1,134)	(1,276)	(567)	(638)
	2,644	2,842	1,322	1,421
<b>Total comprehensive loss for the period</b>	<b>(22,081)</b>	<b>(21,411)</b>	<b>(13,718)</b>	<b>(10,563)</b>

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



**Haroon Iqbal**  
Chief Executive Officer



**Muhammad Naeem Uddin Malik**  
Director

**Condensed Interim Statement Cash Flows - (Un-audited)**  
**For The Half Year Ended 31 December 2017**

December 31, 2017      December 31, 2016

(Rs. in '000)

	December 31, 2017	December 31, 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(26,911)	(25,529)
<b>Adjustment for non-cash and other items</b>		
Depreciation	11,242	12,371
Unwinding of discount / present value adjustment - Net	5,398	-
Finance cost	5,590	5,529
	<b>22,230</b>	17,900
	(4,681)	(7,629)
<b>Changes in operating assets and liabilities</b>		
(Increase) / decrease in current assets		
Advances	36	(1,162)
Increase / (decrease) in current liabilities		
Trade and other payables	2,871	2,115
	<b>2,907</b>	953
<b>Payments for:</b>		
Income tax - Net	(158)	(111)
Finance cost	(4)	(2)
	<b>(162)</b>	(113)
Net cash outflows from operating activities	<b>(1,936)</b>	(6,789)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	--	--
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term loan from director	2,111	7,577
Short term finance - Unsecured	--	30
Net cash inflow from financing activities	<b>2,111</b>	7,607
Net increase in cash and cash equivalents	<b>175</b>	818
Cash and cash equivalents at beginning of the period	<b>132</b>	143
<b>Cash and cash equivalents at end of the period</b>	<b>307</b>	961

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 Half Year Ended 31 December 2017**

Issued, subscribed and paid-up share capital	Capital reserves		Revenue reserves		Total
	Merger reserve	Settlement claim from Ford	General reserve	Accumulated losses	

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

**Balance as at 1 July 2016** 214,000 82,090 86,194 9,900 (1,542,161) (1,149,977)

**Total comprehensive loss for the year**

Loss for the period

Incremental depreciation transfer from  
surplus on revaluation of property, plant  
and equipment - Net of tax

-	-	-	-	(24,253)	(24,253)
-	-	-	-	2,842	2,842
-	-	-	-	(21,411)	(21,411)

**Balance as at 31 December 2016**

**214,000 82,090 86,194 9,900 (1,563,572) (1,171,388)**

**Balance as at 1 July 2017**

214,000 82,090 86,194 9,900 (1,574,729) (1,182,545)

**Total comprehensive loss for the year**

Loss for the period

Incremental depreciation transfer from  
surplus on revaluation of property, plant  
and equipment - Net of tax

-	-	-	-	(24,725)	(24,725)
-	-	-	-	2,644	2,644
-	-	-	-	(22,081)	(22,081)

**Balance as at 31 December 2017**

**214,000 82,090 86,194 9,900 (1,596,810) (1,204,626)**

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



**Haroon Iqbal**  
Chief Executive Officer



**Muhammad Naeem Uddin Malik**  
Director

## **Notes To The Condensed Interim Financial Information - (Un-audited) For The Half Year Ended 31 December 2017**

### **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 half year ended 31 December 2017 reflect that the Company has sustained a net loss after taxation of Rs.24.725 million (June 2017: Rs.38.250 million) and, as of that date it has accumulated losses of Rs.1,596.810 million (June 2017: Rs.1,574.729 million) which have resulted in net capital deficiency of Rs.1,204.626 million (June 2017: Rs.1,182.545 million) and its current liabilities exceeded its current assets by Rs.1,258.620 million (June 2017: Rs.1,250.460 million) and total assets by Rs.971.717 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 half year ended December 31, 2017 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 December 2017 and 2016 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.

Note	December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
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(Rs. in '000)

## 5 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets - At cost less accumulated depreciation	<b>276,763</b>	288,005
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## 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 Accumulated impairment loss on investment	<b>40,000</b> <b>(32,880)</b>	40,000 (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	December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
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(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)

## 8 LONG TERM LOAN - Unsecured

<b>From director - At amortized cost</b>		
Loan received - Opening	8.1 <b>307,105</b>	246,980
Received during the period / year	<b>2,111</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>121,235</b>	113,726

## 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.

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

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.0.266 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.0.266 millions and accrued mark-up would have been higher and shareholders' equity would have been lower by Rs.13.447 million. The said non provisioning is departure from the requirements of IAS-23 'Borrowing Costs'.

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

## 12 TRANSACTIONS WITH RELATED PARTIES

### Associated company:

Mark-up expense	<u>5,586</u>	<u>5,527</u>
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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 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



**Muhammad Naeem Uddin Malik**  
Director