

CONTENTS

Company Information.....	3
Directors' Report.....	4
Condensed Interim Balance Sheet.....	5
Condensed Interim Profit and Loss Account.....	6
Condensed Interim Cash Flow Statement.....	7
Condensed Interim Statement of Changes in Equity.....	8
Notes to the Condensed Interim Financial Statements.....	9

10 CONTINGENCIES

There has been no significant change in the status of contingencies as reported in the annual financial statements for the year ended June 30, 2012

11 FINANCE COST AND MARK UP ACCRUED

Company has not made the provision of markup for the period amounting to Rs. 6.748 million (for the year ended June 30, 2012 Rs. 38.576 million) keeping in view of the financial restructuring proposed to the lenders as disclosed in note 4. Management is hopeful that the restructuring proposal will be accepted by the lenders. Had the provision been made the loss for the period would have been higher by Rs. 6.748 million and accrued markup would have been higher and shareholders' equity would have

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

	March 31, 2013	March 31, 2012
Rupees in '000.....	
Sales	--	--
Financial charges	74,929	85,576

The transactions with associated companies are in the normal course of business and have been entered on the 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, 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 AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on **April 29, 2013** by the Board of Directors of the Company.

15 GENERAL

These interim condensed financial information is presented in Rupees, which is the Company's functional currency. All financial information presented in Rupees have been rounded off to the nearest thousand.

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

Statement under section 241(2) of the Companies Ordinance, 1984.

The Chief Executive of the company is presently out of country, therefore these financial statements have been signed by two Directors of the Company duly authorised by the Board of Directors.



Azizul Haq
Director



Haroon Iqbal
Director

5 PROPERTY, PLANT AND EQUIPMENT - At cost less accumulated depreciation

PROPERTY, PLANT AND EQUIPMENT	March 31, 2013	June 30, 2012
	Rupees in '000	
Operating fixed assets - At cost less accumulated depreciation	356,111	378,821
Capital work in Progress - At cost	679	679
	356,790	379,500
5.1 Detail of Assets disposed off during the Period:		
Motor Vehicle Star Truck)	419	--
lease Hold Land	--	21,000
	419	21,000
6 AVAILABLE FOR SALE INVESTMENTS - At fair value		
In associated companies:		
Dewan Cement Limited (DCL)		
37,407,000 (June 2012: 37,407,000) Ordinary shares of Rs.10/- each		
Market value per share Rs. 5.25 (June 2012 : Rs. 3.43)		
	649,142	649,142
Accumulated impairment	(584,802)	(584,802)
Un-realized gain / (Loss) due to change in fair value	132,047	63,966
	196,387	128,306
Percentage of equity held	10.47%	10.47%
7 NON CURRENT ASSETS HELD FOR SALE		
Investment	40,000	40,000
Non current assets relating to tractor division	24,429	24,429
	64,429	64,429
8 SUBORDINATED LOAN - Unsecured		
From related parties		
- Associated concerns	517,554	517,553
- Director	207,088	205,000
	724,642	722,553
9 SHORT TERM FINANCE		
From banks - secured		
Short term running finance	49,310	49,310
From related party - unsecured		
Associated company - interest bearing	693,260	693,260
	742,570	742,570

COMPANY INFORMATION

BOARD OF DIRECTORS	:	<u>Executive Director</u>
		Dewan Muhammad Yousuf Farooqui CEO & Chairman Board of Directors
		<u>Non-Executive Directors</u>
		Dewan Asim Mushfiq Farooqui Dewan Abdullah Ahmed Dewan Abdul Baqi Farooqui Dewan Abdul Rehman Farooqui Mr. Haroon Iqbal
		<u>Independent Director</u>
		Mr. Azizul Haque
CHIEF FINANCIAL OFFICER		Mr. Manzoor Ahmed
COMPANY SECRETARY	:	Mr. Muhammad Naeemuddin Maik
AUDIT COMMITTEE	:	Dewan Abdul Rehman Farooqui Chairman Mr. Haroon Iqbal Member Mr. Azizul Haque Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	:	Mr. Haroon Iqbal Chairman Dewan Muhammad Yousuf Farooqui Member Mr. Azizul Haque Member
AUDITORS	:	Faruq Ali & Company Chartered Accountants House No. 222-A, K.M.C.H. Society Justice Inamullah Road, Hill Park, Karachi. Ph: 021-4301966-69 Fax: 92-21-4301965
LEGAL ADVISORS	:	A. K. Brohi
SHARE REGISTRAR/ TRANSFER AGENT	:	BMF Consultants Pakistan (Private) Limited Anum Estate Building, Room No. 310 & 311, 3rd Floor, 49, Darul Aman Society, Main Shahrah-e-Faisal, adjacent to Baloch Colony Bridge, Karachi, Pakistan.
BANKERS	:	Muslim Commercial Bank Limited KASB Bank Limited Soneri Bank Limited Faysal Bank NIB Bank Limited Summit Bank Limited The Bank of Punjab Habib Bank Limited Bank Islami Pakistan Limited
REGISTERED OFFICE	:	Finance & Trade Centre Block-A, 7th Floor, Shahrah-e-Faisal, Karachi
FACTORY	:	Plot Nos. A1-A50, Hub Industrial Trading Estate, Hub, District Lasbela, Balochistan Dewan City Sajawal District Thatta, Sindh.
WEBSITE	:	www.yousufdewan.com

DIRECTORS' REPORT

**IN THE NAME OF ALLAH;
THE MOST GRACIOUS AND MERCIFUL**

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 of the Company for the nine months ended March 31, 2013 .

During the period the Company has incurred an after tax loss of Rs. 103.383 million as compared to Rs. 138.801 million in the corresponding period of last year.

The operations of the company, during the period, remained closed due to non availability of banking lines. The management is taking all possible measures, including the revival of motorcycle operations, to come out of these crucial circumstances and expects that operations will be normalized once the re-profiling of debts is finalized, which is under review with the banks.

We are extremely grateful to our customers, who have maintained their trust, and placed their confidence in our products. We are also thankful to the Engineering Development Board, our employees, dealers and vendors for their guidance, co-operation, continued support and patronage.

In conclusion, we bow, beg and pray to Almighty Allah, Rahman-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 (AL-QURAN)

For and on behalf of the Board of Directors



Azizul Haq
Director

Karachi: April 29, 2013



Haroon Iqbal
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2013

1 THE COMPANY AND ITS OPERATIONS

Dewan Automotive Engineering Ltd is a public Limited Company quoted on stock exchanges in Karachi (trading in defaulter counter) and Lahore. 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

2 BASIS OF PREPARATION

These interim condensed financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS-34) "Interim Financial Reporting" and are being submitted to the shareholders under Section 245 of the Companies Ordinance, 1984. The Interim condensed financial statements do not include all the information and

3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies adopted in the preparation of this interim condensed financial information are consistent with those followed in the preparation of the company's annual
- 3.2 The preparation of interim condensed 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

4 GOING CONCERN ASSUMPTION

The company incurred a net loss after taxation of Rs. 103.383 million during the period ended March 31, 2013 and, as of that date it has accumulated losses of Rs. 2323.191 million (June 2012: Rs. 2,223.411 million) which have resulted in negative equity of Rs. 1,798.960 million (June 2012: Rs. 1,767.261 million) and its current liabilities exceeded its total assets by Rs. 938.441 million (June 2012 : Rs. 898.813 million). The company's short term borrowing facilities have expired and not been renewed and the company has been unable to ensure scheduled payments 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 These financial statements have been prepared on going concern assumption because the above conditions are temporary and would reverse. The management is confident that the outcome will be positive as the company is negotiating reprofiling of the debt with all the lenders and is expected to be closed in near future. Accordingly, during the year, the company has approached The Management believes that the restructuring proposal presented is workable and would enable the company to service its debts. Therefore, the management is confident that the proposal will be accepted by its lenders and all pending litigations will be withdrawn. Accordingly, these financial information has been prepared on a going concern basis

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2013**

	Issued, Subscribed and Paid-up Capital	Capital Reserves			Revenue reserves		Total Rupees
		Merger reserve	Unrealized (loss) / gain due to change in fair value of Investments	Settlement claim Ford Motors	General Reserve	Accumulated loss	
Rupees in '000							
Balance as at June 30, 2011	214,000	82,090	(1,122)	86,194	9,900	(2,040,626)	(1,649,564)
Total comprehensive loss for the period							
Loss for the period	--	--	--	--	--	(138,801)	(138,801)
Net changes in fair value of available for sale financial assets	--	--	92,769	--	--	--	92,769
Incremental depreciation and surplus relating to land transferred from surplus on revaluation of property, plant & equipments - Net of tax	--	--	--	--	--	8,789	8,789
Balance as at March 31, 2012	214,000	82,090	91,647	86,194	9,900	(2,170,638)	(1,686,807)
Balance as at June 30, 2012	214,000	82,090	63,966	86,194	9,900	(2,223,411)	(1,767,261)
Total Comprehensive loss for the period	--	--	--	--	--	--	--
Loss for the period	--	--	--	--	--	(103,383)	(103,383)
Net changes in fair value of available for sale financial assets	--	--	68,081	--	--	--	68,081
Incremental depreciation and surplus relating to land transferred from surplus on revaluation of property, plant & equipments - Net of tax	--	--	--	--	--	3,603	3,603
Balance as at March 31, 2013	214,000	82,090	132,047	86,194	9,900	(2,323,191)	(1,798,960)

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

Statement under section 241(2) of the Companies Ordinance, 1984.

The Chief Executive of the company is presently out of country, therefore these financial statements have been signed by two Directors of the Company duly authorised by the Board of Directors.



Azizul Haq
Director



Haroon Iqbal
Director

**CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2013 (UN-AUDITED)**

Notes	(Un-audited) March 31, 2013		(Audited) June 30, 2012	
	Rupees in '000			
ASSETS				
NON - CURRENT ASSETS				
Property, plant and equipment - At cost less accumulated depreciation	5	356,790		379,500
Deferred cost		435		580
Long term deposits		348		348
CURRENT ASSETS				
Stock in trade		156,429		156,429
Trade debts - Considered good		7,407		7,407
Advances - Considered good		6,142		6,396
Short term prepayments and other receivables		52,055		52,055
Advance income tax		6,816		6,798
Available for sale investments - At fair value	6	196,387		128,306
Cash and bank balances		1,139		930
		426,375		358,321
Non current assets held for sale	7	64,429		64,429
		848,377		803,178
EQUITY AND LIABILITIES				
AUTHORIZED SHARE CAPITAL				
21,800,000 ordinary shares of Rs.10/- each		218,000		218,000
Issued, subscribed and paid-up capital		214,000		214,000
Reserves - net		310,231		242,150
Accumulated loss		(2,323,191)		(2,223,411)
		(1,798,960)		(1,767,261)
Surplus on revaluation of property, plant and equipment		71,668		75,271
NON - CURRENT LIABILITIES				
Subordinated Loan	8	724,642		722,552
Deferred liabilities - Staff gratuity		15,442		15,416
Deferred taxation		38,268		40,209
Long Term Loan (Secured)		10,500		15,000
CURRENT LIABILITIES				
Trade and other payables		430,110		420,212
Markup accrued		584,388		509,459
Short term finance - Unsecured	9	742,570		742,570
Overdue portion of loans - Secured		23,750		23,750
Current portion of long term loan		6,000		6,000
		1,786,818		1,701,991
	10	--		--
		848,377		803,178

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

Statement under section 241(2) of the Companies Ordinance, 1984.

The Chief Executive of the company is presently out of country, therefore these financial statements have been signed by two Directors of the Company duly authorised by the Board of Directors.



Azizul Haq
Director



Haroon Iqbal
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2013**

	Nine months ended		Quarter ended	
	Jul 2012	Jul 2011	Jan- Mar	Jan - Mar
	Mar 2013	Mar 2012	2013	2012
	Rupees in '000			
Sales - Net	--	--	--	--
Cost of sales	24,375	30,267	8,150	9,013
Gross loss	(24,375)	(30,267)	(8,150)	(9,013)
OPERATING EXPENSES				
Distribution expenses	511	1,276	155	255
Administrative expenses	5,563	13,151	1,518	2,427
Finance cost	74,931	85,598	22,892	27,169
	81,005	100,025	24,565	29,851
OPERATING LOSS	(105,380)	(130,293)	(32,715)	(38,864)
Gain / (Loss) on disposal of fixed assets	55	(10,600)	--	--
Other income	2	--	2	--
	57	(10,600)	2	--
Loss before taxation	(105,323)	(140,893)	(32,713)	(38,864)
Deferred	(1,940)	(2,092)	(647)	(698)
Current	0	--	0	--
Taxation	(1,940)	(2,092)	(647)	(698)
Loss after taxation	(103,383)	(138,801)	(32,066)	(38,166)
Other comprehensive income for the period:				
Profit due to change in fair value of investment	68,081	92,769	7,108	109,228
Transfer from surplus on revaluation of fixed assets in respect of incremental depreciation	5,543	5,978	1,849	1,993
Surplus of land due to disposal	--	4,903	--	--
Related deferred tax	(1,940)	(2,092)	(647)	(698)
	3,603	8,789	1,202	1,295
Total comprehensive income / (loss) for the period	(31,699)	(37,243)	(23,756)	72,357
Loss per share - Basic and diluted (Rupees)	(4.83)	(6.49)	(1.50)	(1.78)

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

Statement under section 241(2) of the Companies Ordinance, 1984.

The Chief Executive of the company is presently out of country, therefore these financial statements have been signed by two Directors of the Company duly authorised by the Board of Directors.



Azizul Haq
Director



Haroon Iqbal
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2013**

	March 31, 2013	March 31, 2012
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(105,323)	(140,893)
Adjustment for non cash charges and other items		
Depreciation	22,606	27,225
(Gain) / loss on disposal of fixed assets	(55)	10,600
Other income	(2)	--
Provision for gratuity	865	996
Amortization of deferred cost	145	5,452
Finance cost	74,931	85,598
Cash outflow before working capital changes	(6,833)	(11,022)
Working capital changes (increase)/decrease in current assets		
Trade debts	--	107
Advances - Considered good	254	54
	254	161
Increase/(decrease) in current liabilities		
Trade and other payables	9,898	2,583
	10,152	2,744
Cash generated from operations	3,319	(8,278)
Finance cost paid	(2)	(22)
Staff gratuity paid	(838)	--
Income tax -Net	(18)	(36)
	2,461	(8,336)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale proceeds of disposal of fixed assets	158	10,400
Long Term Deposits	--	--
Net cash outflow from investing activities	158	10,400
CASH FLOWS FROM FINANCING ACTIVITIES		
Subordinated loan	2,090	--
Payment of long term loan	(4,500)	(2,250)
Net cash inflow from financing activities	(2,410)	(2,250)
Net (decrease) / increase in cash and cash equivalents	209	(186)
Cash and cash equivalents at the beginning of the year	930	724
Cash and cash equivalents at the end of the Period	1,139	538

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

Statement under section 241(2) of the Companies Ordinance, 1984.

The Chief Executive of the company is presently out of country, therefore these financial statements have been signed by two Directors of the Company duly authorised by the Board of Directors.



Azizul Haq
Director



Haroon Iqbal
Director