



## CONTENTS

|  |    |
|--|----|
| Company Information.....               | 2  |
| Director's Report.....                 | 3  |
| Review Report.....                     | 4  |
| Balance Sheet.....                     | 5  |
| Profit and Loss Account.....           | 6  |
| Statement of Comprehensive Income..... | 7  |
| Cash Flow Statement.....               | 8  |
| Statement of Changes in Equity.....    | 9  |
| Notes to the Accounts.....             | 10 |

## COMPANY INFORMATION

|  |   |   |
|--|---|---|
| <b>BOARD OF DIRECTORS</b>                  | : | <b>Dewan Muhammad Yousuf Farooqui</b><br>Chief Executive Officer & Chairman<br>Board of Director<br><br><b>Dewan Abdullah Ahmed</b><br>Managing Director<br><br><b>Dewan Abdul Rehman Farooqui</b><br><br><b>Dewan Asim Mushfiq Farooqui</b><br><br><b>Dewan Abdul Baqi Farooqui</b><br><br><b>Mr. M. A. Lodhi</b><br><br><b>Mr. Haroon Iqbal</b> |
| <b>COMPANY SECRETARY</b>                   | : | <b>Muhammad Naeemuddin Mailk</b>  |
| <b>AUDIT COMMITTEE</b>                     | : | <b>Dewan Abdul Baqi Farooqui (Chairman)</b><br><b>Dewan Asim Mushfiq Farooqui (Member)</b><br><b>Dewan Abdullah Ahmed (Member)</b>  |
| <b>AUDITORS</b>                            | : | <b>Faruq Ali &amp; Company</b><br>Chartered Accountants<br>House No. 222-A, K.M.C.H. Society<br>Justice Inamullah Road, Hill Park, Karachi.<br>Ph: 021-4301966-69 Fax: 92-21-4301965  |
| <b>LEGAL ADVISORS</b>                      | : | <b>A. K. Brohi</b>  |
| <b>SHARE REGISTRAR/<br/>TRANSFER AGENT</b> | : | <b>BMF Consultants Pakistan (Private) Limited</b><br>4th Floor, A-14, Trade Centre, Block 7/8, K. C. H. S.,<br>Main Shahrah-e-Faisal, Karachi 75350, Pakistan   |
| <b>BANKERS</b>                             | : | Muslim Commercial Bank Limited<br>KASB Bank Limited<br>Soneri Bank Limited<br>Standard Chartered Bank Limited<br>The Royal Bank of Scotland<br>Zarai Tarqati Bank Limited<br>NIB Bank Limited<br>My Bank Limited<br>The Bank of Punjab<br>Habib Bank Limited<br>Bank Islami Pakistan Limited  |
| <b>REGISTERED OFFICE</b>                   | : | <b>Finance &amp; Trade Centre</b><br>Block-A, 7th Floor,<br>Shahrah-e-Faisal, Karachi   |
| <b>FACTORY</b>                             | : | Plot Nos. A1-A50, Hub Industrial Trading Estate,<br>Hub, District Lasbela, Balochistan<br>Dewan City Sajawal District Thatta, Sindh.  |
| <b>WEBSITE</b>                             | : | <b>www.dewangroup.com.pk</b>  |

## 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 half year ended December 31, 2010.

During the period under review the gross sales was Rs. 8.369 million as compared to Rs. 88.176 million in the corresponding period of the last year. During the period under review the Company has incurred an after tax loss of Rs. 100.866 million as compared to Rs. 395.434 million in the corresponding period of last year. The loss is attributed mainly due to low production and sales volumes resulting in under absorption of fixed overheads.

During the period under review auto sales in all segment registered a 10% growth during last six months (July-Dec 10) as compared to corresponding period last year. Due to freezing of banking lines, the operations of the Company remained at bare minimum. The Company is surviving under tough conditions due to aforesaid reason. A number of recovery suits have been instituted by Banks/Financial Institutions alleging default which are being successfully defended by our counsels. We are pleased to inform you in case of one Group Company restructuring of debt has been finalized and will be implemented in a couple of weeks time. 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.



**Dewan Muhammad Yousuf Farooqui**

CEO & Chairman Board of Directors

## REVIEW REPORT TO THE MEMBERS

### Introduction

We have reviewed the accompanying interim condensed balance sheet of Dewan Automotive Engineering Limited as at December 31, 2010, and the related interim condensed profit and loss account, interim condensed statement of comprehensive income, interim condensed cash flow statement and interim condensed statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "interim condensed financial information") for the six months' period then ended. Management is responsible for the preparation and presentation of this interim condensed 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 interim condensed financial information based on our review. The figures for the quarters ended December 31, 2010 and 2009 in the interim condensed profit and loss account and interim condensed 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.

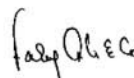
### Basis for adverse conclusion

- a) The interim condensed financial information of the company has been prepared on going concern basis despite of the fact that the company incurred a net loss after taxation amounting to Rs 100.866 million during the half year ended December 31, 2010 and as of that date its accumulated losses of Rs 1.936 billion have resulted in net capital deficiency of Rs 1.525 billion and its current liabilities exceeded its total assets by Rs 656.875 million. Furthermore, during financial year ended June 30, 2009, company sold its land and factory building, where the company's main plant is situated, to a bank against settlement of running finance facilities and company's operations are almost closed. The company has been unable to ensure timely repayments of long term loans due to liquidity problems and short term facilities have expired and not been renewed by the banks consequently the company is facing litigations with the lenders. These conditions lead us to believe that the going concern assumption used in preparation of this interim condensed financial information 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. 7.983 million (up to June 30, 2009: Rs. 21.832 million) (refer note 10) on account of restructuring proposal offered to the lenders as described in note 4 to the interim condensed 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, therefore the provision of markup should be made in the interim condensed financial information. Had the provision of markup been made in the interim condensed financial information, the loss after taxation for the period would have been higher by Rs. 7.983 million and markup payable would have been higher and shareholders' equity would have been lower by Rs. 29.815 million.

### Adverse conclusion

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

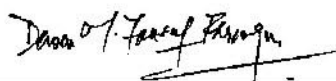
Dated:  
February 25, 2011  
Place: Karachi  
Engagement partner: *Fasih ul Zaman*

  
FARUQ ALI & CO.  
CHARTERED ACCOUNTANTS

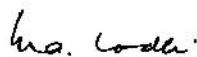
## CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2010 (UN-AUDITED)

|   | Un-audited<br>Notes December 31,<br>2010 | Audited<br>June 30,<br>2010 |
|---|--|-----------------------------|
| ASSETS  | (Rupees in '000)                         |                             |
| <b>NON - CURRENT ASSETS</b>                             |  |                             |
| Property, plant and equipment                           | 5      481,380                           | 559,071                     |
| Intangible  | 13,943                                   | 18,591                      |
| Deferred cost   | 869                                      | 966                         |
| Long term deposit                                       | 348                                      | 1,938                       |
| <b>CURRENT ASSETS</b>                                   |  |                             |
| Stock in trade  | 173,591                                  | 182,426                     |
| Trade debts - Considered good                           | 16,664                                   | 22,459                      |
| Advances - Considered good                              | 14,074                                   | 16,627                      |
| Short term prepayments and other receivables            | 56,638                                   | 57,672                      |
| Advance income tax                                      | 57,859                                   | 57,696                      |
| Available for sale investment - At fair value           | 6      83,792                            | 64,340                      |
| Cash and bank balances                                  | 1,189                                    | 1,154                       |
|   | 403,807                                  | 402,374                     |
| Non current assets held for sale                        | 40,000                                   | 40,000                      |
|   | 940,347                                  | 1,022,940                   |
| <b>EQUITY AND LIABILITIES</b>                           |  |                             |
| <b>AUTHORIZED SHARE CAPITAL</b>                         |  |                             |
| 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  | 197,636                                  | 178,184                     |
| Accumulated loss  | (1,936,214)                              | (1,838,146)                 |
|   | (1,524,578)                              | (1,445,962)                 |
| Surplus on revaluation of property, plant and equipment | 88,149                                   | 148,947                     |
| <b>NON - CURRENT LIABILITIES</b>                        |  |                             |
| Subordinated loan - Unsecured, interest free            | 7      722,552                           | 722,552                     |
| Deferred liability for staff gratuity                   | 12,500                                   | 10,799                      |
| Deferred taxation                                       | 44,502                                   | 46,011                      |
| <b>CURRENT LIABILITIES</b>                              |  |                             |
| Trade and other payables                                | 406,568                                  | 399,002                     |
| Markup accrued  | 339,886                                  | 283,107                     |
| Short term finance                                      | 8      763,652                           | 771,368                     |
| Provision for taxation                                  | 38,616                                   | 38,616                      |
| Overdue portion of loans - Secured                      | 48,500                                   | 48,500                      |
|   | 1,597,222                                | 1,540,593                   |
| <b>CONTINGENCIES</b>                                    |  |                             |
|   | 9      --                                | --                          |
|   | 940,347                                  | 1,022,940                   |

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



**Dewan Muhammad Yousuf Farooqui**  
CEO & Chairman Board of Directors



**M. A. Lodhi**  
Director

# Dewan Automotive Engineering Limited

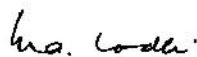
## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2010

|   | Half year ended  |                  | Quarter ended   |                  |
|---|------------------|------------------|-----------------|------------------|
|   | Jul-Dec<br>2010  | Jul-Dec<br>2009  | Oct-Dec<br>2010 | Oct-Dec<br>2009  |
|   | (Rupees in '000) |                  |                 |                  |
| Sales - Net                                 | 8,369            | 88,176           | 2,502           | 39,220           |
| Cost of sales                               | <u>39,254</u>    | <u>113,706</u>   | <u>15,198</u>   | <u>51,963</u>    |
| Gross loss                                  | <u>(30,885)</u>  | <u>(25,530)</u>  | <u>(12,696)</u> | <u>(12,743)</u>  |
| Operating Expenses                          |                  |                  |                 |                  |
| Distribution expenses                       | <u>1,808</u>     | <u>11,291</u>    | <u>1,370</u>    | <u>4,315</u>     |
| Administrative expenses                     | <u>13,046</u>    | <u>20,833</u>    | <u>5,723</u>    | <u>10,561</u>    |
| Finance cost                                | <u>56,640</u>    | <u>56,972</u>    | <u>28,836</u>   | <u>28,422</u>    |
|   | 71,494           | 89,096           | 35,929          | 43,298           |
| Operating loss                              | <u>(102,379)</u> | <u>(114,626)</u> | <u>(48,625)</u> | <u>(56,041)</u>  |
| Other income                                | 4                | 121              | 2               | 116              |
| Impairment in value of investment           | --               | (282,113)        | --              | (150,597)        |
| Loss before taxation                        | <u>(102,375)</u> | <u>(396,618)</u> | <u>(48,623)</u> | <u>(206,522)</u> |
| Taxation:                                   |                  |                  |                 |                  |
| - Current                                   | <u>--</u>        | <u>441</u>       | <u>--</u>       | <u>196</u>       |
| - Deferred                                  | <u>(1,509)</u>   | <u>(1,625)</u>   | <u>(356)</u>    | <u>(813)</u>     |
|   | (1,509)          | (1,184)          | (356)           | (617)            |
| Net loss after taxation                     | <u>(100,866)</u> | <u>(395,434)</u> | <u>(48,267)</u> | <u>(205,905)</u> |
| Loss per share - Basic and diluted (Rupees) | <u>(4.71)</u>    | <u>(18.48)</u>   | <u>(2.26)</u>   | <u>(9.62)</u>    |

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



**Dewan Muhammad Yousuf Farooqui**  
CEO & Chairman Board of Directors




**M. A. Lodhi**  
Director

# Dewan Automotive Engineering Limited

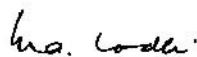
## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2010

|   | Half year ended    |                    | Quarter ended     |                   |
|---|--------------------|--------------------|-------------------|-------------------|
|   | July - Dec<br>2010 | July - Dec<br>2009 | Oct - Dec<br>2010 | Oct - Dec<br>2009 |
|   | (Rs. in '000')     |                    | (Rs. in '000')    |                   |
| Net loss after taxation   | (100,866)          | (395,434)          | (48,267)          | (205,905)         |
| Other comprehensive income:   |                    |                    |                   |                   |
| Revaluation of land   | (58,000)           | --                 | (58,000)          | --                |
| Available for sale financial assets:  |                    |                    |                   |                   |
| - Changes in fair value   | 19,452             | (8,976)            | 12,343            | (19,077)          |
| - Impairment taken to profit and loss account   | --                 | 282,113            | --                | 150,597           |
|   | 19,452             | 273,137            | 12,343            | 131,520           |
| Transfer from surplus on revaluation of<br>property plant and equipment<br>related deferred tax | 4,307<br>(1,509)   | 4,647<br>(1,626)   | 2,153<br>(754)    | 2,324<br>(813)    |
|   | 2,798              | 3,021              | 1,399             | 1,511             |
|   | <u>(136,616)</u>   | <u>(119,276)</u>   | <u>(92,525)</u>   | <u>(72,874)</u>   |
| Component of comprehensive income not<br>reflected in equity                                    | 58,000             | --                 | 58,000            | --                |
| Total comprehensive income for the period   | <u>(78,616)</u>    | <u>(119,276)</u>   | <u>(34,525)</u>   | <u>(72,874)</u>   |

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



**Dewan Muhammad Yousuf Farooqui**  
CEO & Chairman Board of Directors



**M. A. Lodhi**  
Director

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2010

6 months ended 6 months ended  
December 31, December 31,  
2010 2009

### CASH FLOWS FROM OPERATING ACTIVITIES

|   | (Rupees in '000) |                 |
|---|------------------|-----------------|
| Loss before taxation                              | (102,375)        | (396,618)       |
| Adjustment for :                                  |                  |                 |
| Depreciation                                      | 20,198           | 20,346          |
| Surplus / (impairment) in value of investment     | -                | 282,113         |
| Amortization of deferred cost & intangible assets | 4,745            | 4,745           |
| Provision for gratuity                            | 1,701            | 815             |
| Financial charges                                 | <u>56,640</u>    | <u>56,972</u>   |
| Net cash outflow before working capital changes   | <u>(19,091)</u>  | <u>(31,627)</u> |

### Working capital changes

*(increase)/decrease in current assets*

|  |              |              |
|--|--------------|--------------|
| Stock and stores   | 8,835        | 49,043       |
| Trade debts  | 5,795        | (513)        |
| Advances - Considered good                                   | 2,553        | (534)        |
| Trade deposits, short term prepayments and other receivables | <u>1,034</u> | <u>6,387</u> |
|  | 18,217       | 54,383       |

*Increase/(decrease) in current liabilities*

|                          |               |               |
|--------------------------|---------------|---------------|
| Trade and other payables | 7,566         | 5,765         |
|                          | <u>25,783</u> | <u>60,148</u> |

### Cash generated from operations

|   |              |                |
|---|--------------|----------------|
| Financial charges paid                    | 139          | (11,876)       |
| Income tax paid                           | <u>(163)</u> | <u>(1,001)</u> |
| Net cash inflow from operating activities | <u>6,668</u> | <u>15,644</u>  |

### CASH FLOWS FROM INVESTING ACTIVITIES

|   |              |    |
|---|--------------|----|
| Fixed capital expenditures                | (507)        | -- |
| Long term deposit                         | <u>1,590</u> | -- |
| Net cash inflow from investing activities | <u>1,083</u> | -- |

### CASH FLOWS FROM FINANCING ACTIVITIES

|  |                |                 |
|--|----------------|-----------------|
| Short term finance                           | (7,716)        | (17,938)        |
| Net cash (outflow) from financing activities | <u>(7,716)</u> | <u>(17,938)</u> |

Net increase / (decrease) in cash and cash equivalents 35 (2,294)

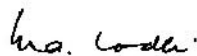
Cash and cash equivalents at the beginning of the period 1,154 5,982

Cash and cash equivalents at the end of the period 1,189 3,688

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



**Dewan Muhammad Yousuf Farooqui**  
CEO & Chairman Board of Directors



**M. A. Lodhi**  
Director



# Dewan Automotive Engineering Limited

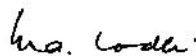
## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2010

|   | Issued, subscribed and paid-up capital | Capital Reserves |  |                                   | Revenue Reserves |                    | Total              |
|---|--|------------------|--|-----------------------------------|------------------|--------------------|--------------------|
|   |  | Merger Reserve   | Unrealized (loss) / gain due to change fair value of Investments | Settlement Claim from Ford motors | General Reserve  | Accumulated Loss   |                    |
| (Rupees in '000)                        |  |                  |  |                                   |                  |                    |                    |
| Balance as at July 01, 2009             | 214,000                                | 82,090           | (273,137)  | 86,194                            | 9,900            | (1,329,258)        | (1,210,211)        |
| Total comprehensive loss for the period | --                                     | --               | 273,137  | --                                | --               | (392,413)          | (119,276)          |
| <b>Balance as at December 31, 2009</b>  | <b>214,000</b>                         | <b>82,090</b>    | <b>--</b>  | <b>86,194</b>                     | <b>9,900</b>     | <b>(1,721,671)</b> | <b>(1,329,487)</b> |
| Balance as at July 01, 2010             | 214,000                                | 82,090           | --   | 86,194                            | 9,900            | (1,838,146)        | (1,445,962)        |
| Total comprehensive loss for the period | --                                     | --               | 19,452   | --                                | --               | (98,068)           | (78,616)           |
| <b>Balance as at December 31, 2010</b>  | <b>214,000</b>                         | <b>82,090</b>    | <b>19,452</b>  | <b>86,194</b>                     | <b>9,900</b>     | <b>(1,936,214)</b> | <b>(1,524,578)</b> |

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



**Dewan Muhammad Yousuf Farooqui**  
CEO & Chairman Board of Directors



**M. A. Lodhi**  
Director

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 2010

### 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 6, 1982 and commenced commercial operations in August, 1983. The Company was taken over by DewanMushtaq Group in April 2004.

### 2 BASIS OF PREPARATION

The interim condensed financial information is un-audited but subject to limited scope review by the auditors and is required to be presented to the share holders under section 245 of the ordinance and has been prepared in a condensed form in accordance with the requirements of the international accounting standard (IAS-34) "interim financial reporting" as applicable in Pakistan. The figures of the interim condensed profit and loss account and interim condensed statement of comprehensive for the quarters ended 31, December 2010 and 2009 have not been reviewed by the auditors of the company as they have reviewed the cumulative figures for the half year ended 31, December 2010 and 2009. The interim condensed financial information does not include all the information and disclosure required in the annual financial statements, and should be read in conjunction with the company's annual financial statements for the year ended June 30, 2010.

### 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 financial statements for the year ended June 30, 2010.

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 estimates and judgement applied by the management in preparation of this interim condensed financial information is same as those applied in preparation of annual financial statements of the company for the year ended June 30, 2010.

### 4 GOING CONCERN ASSUMPTION

The interim condensed financial information for the half year ended December 31, 2010 reflects loss after taxation of Rs. 100 866 million (June 2010 : Rs. 514 930 million) and, as of that date it has accumulated losses of Rs. 1,936 214 million (June 2010 : Rs. 1,838 146 million) which have resulted in negative equity of Rs. 1,524 578 million (June 2010 : Rs. 1,445 962 million) and its current liabilities exceeded its total assets by Rs 656 875 million (June 2010: Rs 517 653 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 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. there

Management believes that the above conditions are temporary not permanent and would reverse in foreseeable future. The management is confident that the outcome will be positive as the company is negotiating re-profiling of the debt with all the lenders and is expected to be closed in near future. Accordingly, the company has approached its lenders for the restructuring of its entire debt in the following manner:

# Dewan Automotive Engineering Limited

- a) All the debt obligations of the company be converted into Interest Bearing Long Term Debt in proportion to their respective current exposures.
- b) Principal to be repaid in 12 years in equal quarterly installments commencing from the 28th month of the restructuring date.
- c) Mark-up payable as on December 31, 2008 to be freezed and paid quarterly over a period of three years commencing after 3 months from the restructuring date.

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 litigations will be withdrawn. Accordingly, the interim condensed financial information has been prepared on a going concern basis.

|  | December 31,<br>2010    | June 30,<br>2010   |
|--|-------------------------|--------------------|
| (Rupees in '000)   |                         |                    |
| <b>5 PROPERTY, PLANT AND EQUIPMENT</b>   |                         |                    |
| Operating fixed assets - At cost less accumulated depreciation   | 480,701                 | 558,392            |
| Capital work in Progress - At cost   | 679                     | 679                |
|  | <b>481,380</b>          | <b>559,071</b>     |
|  | July - Dec<br>2010      | July - Dec<br>2009 |
|  | (Rupees in '000)        |                    |
| <b>5.1 Additions during the period</b>   |                         |                    |
| Plant and machinery - Cost   | 435                     | --                 |
| Motor vehicles owned   | 72                      | --                 |
|  | <b>507</b>              | <b>--</b>          |
| <b>5.2 Disposals during the period</b>   |                         |                    |
| Motor vehicles owned   | --                      | 270                |
|  | <b>--</b>               | <b>270</b>         |
| <b>6 AVAILABLE FOR SALE INVESTMENT - At fair value</b>   | <b>December 31,</b>     | <b>June 30,</b>    |
| <b>In associated company:</b>  | <b>2010</b>             | <b>2010</b>        |
| <b>Dewan Cement Limited (DCL)</b>  | <b>(Rupees in '000)</b> |                    |
| 37,407,000 (June 2010: 37,407,000) Ordinary shares of Rs.10/- each @17.35  |                         |                    |
| Market value per share Rs.2.24 (2010 : Rs.1.72)  | 649,142                 | 649,142            |
| Accumulated impairment   | (584,802)               | (584,802)          |
| Unrealized gain due to changes in fair values  | 19,452                  | --                 |
|  | <b>83,792</b>           | <b>64,340</b>      |
| Percentage of equity held  | <b>10.47%</b>           | <b>10.47%</b>      |
| 6.1 Market value of investment on the date the interim condensed financial information was authorized for issue was Rs. 1.65 per share thereby reducing the market value of the investment by Rs. 22.070 millions. |                         |                    |
|  | December 31,<br>2010    | June 30,<br>2010   |
|  | (Rupees in '000)        |                    |
| <b>7 SUBORDINATED LOAN - Unsecured, interest free</b>  |                         |                    |
| From related parties   |                         |                    |
| Associated concerns  | 517,552                 | 517,552            |
| Director   | 205,000                 | 205,000            |
|  | <b>722,552</b>          | <b>722,552</b>     |

# Dewan Automotive Engineering Limited

## 8 SHORT TERM FINANCE

### From banks - Secured

|                            |        |        |
|----------------------------|--------|--------|
| Short term running finance | 49,310 | 49,310 |
|----------------------------|--------|--------|

### From related party (associated company) - Unsecured

|                    |         |         |
|--------------------|---------|---------|
| - interest bearing | 693,260 | 693,260 |
|--------------------|---------|---------|

### Others

|                          |        |        |
|--------------------------|--------|--------|
| Temporary book overdraft | 21,082 | 28,798 |
|--------------------------|--------|--------|

|  |         |         |
|--|---------|---------|
|  | 763,652 | 771,368 |
|--|---------|---------|

## 9 CONTINGENCIES

There has been no significant change in the status of contingencies and commitments as reported in the annual financial statements for the year ended June 30, 2010.

## 10 FINANCE COST AND MARKUP ACCRUED

Company has not made the provision of markup for the period amounting to Rs. 7.983 million (up to June 30, 2010: Rs. 21.832 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. 7.983 millions and accrued markup would have been higher and shareholders' equity would have been lower by Rs. 29.815 million. The said non provisioning is departure from the requirements of IAS-23 'Borrowing Costs'

## 11 TRANSACTIONS WITH RELATED PARTIES

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

|                              | July - Dec<br>2010      | July - Dec<br>2009 |
|------------------------------|-------------------------|--------------------|
| <b>Associated Companies:</b> | <b>(Rupees in '000)</b> |                    |
| Sales                        | 2,643                   | 12,700             |
| Financial charges            | 56,779                  | 56,824             |

The transaction with associated companies are in the normal course of business and have been entered on an arm's length basis.

## 12 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 figures of comparable period of immediately preceding financial year.

## 13 DATE OF AUTHORIZATION FOR ISSUE

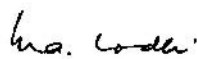
The interim condensed financial information was authorized for issue on February 25, 2011 by the Board of Directors of the Company.

## 14 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 nearest thousand.



**Dewan Muhammad Yousuf Farooqui**  
CEO & Chairman Board of Directors



**M. A. Lodhi**  
Director