

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



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Dewan Automotive Engineering Limited

COMPANY INFORMATION

BOARD OF DIRECTORS	:	Dewan Muhammad Yousuf Farooqui Chief Executive Officer & Chairman Board of Directors Dewan Abdullah Ahmed Managing Director Dewan Abdul Rehman Farooqui Dewan Asim Mushfiq Farooqui Dewan Abdul Baqi Farooqui Mrs. Hina Yousuf Farooqui Mr. Haroon Iqbal
COMPANY SECRETARY	:	Muhammad Naeemuddin Malik
AUDIT COMMITTEE	:	Dewan Abdullah Ahmed (Chairman) Dewan Asim Mushfiq Farooqui (Member) Dewan Abdul Baqi Farooqui (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
REGISTRAR	:	Raoji Consulting Associates (Private) Limited 4th Floor, A-14, Trade Centre, Block 7/8, K.C.H.S., Main Shahrah-e-Faisal, Karachi 75350, Pakistan.
BANKERS	:	Muslim Commercial Bank Limited KASB Bank Limited Soneri Bank Limited Standard Chartered Bank Limited The Royal Bank of Scotland Zarai Tarqati Bank Limited NIB Bank Limited MyBank Limited The Bank of Punjab Habib Bank Limited
REGISTERED OFFICE	:	Finance & Trade Centre Block-A, 7th Floor, Shahrah-e-faisal, Karachi.
FACTORY	:	Plot Nos. A 1 - A 50 Hub Industrial Trading Estate, Hub, District Lasbela, Balochistan Dewan City Sajawal District Thatta, Sindh.
WEBSITE	:	www.dewangroup.com.pk

Dewan Automotive Engineering Limited

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, 2009.

During the period under review the net sales was Rs. 235.4 million as compared to Rs. 369.9 million in the corresponding period of the last year. The overall operating expenses for the period under review were Rs. 158.1 million as compared to Rs. 169.7 million in the corresponding period last year. During the period under review the Company has incurred an after tax loss of Rs. 364.9 million as compared to Rs. 213.4 million in the corresponding period of last year. The loss is attributed mainly due to under absorption of fixed overheads.

The economy, especially the automobile industry, during the period, faced multitude of shocks. International and domestic economic crises, law and order situation and banking sector liquidity crunch compounded together to create an adverse situation. It is expected the government in the upcoming budget will take positive measures to support the local auto industry. The proposal for re-profiling of Company's debts is under review with the banks. The management is confident that after re-profiling, it will come out of the present crisis. Management is doing its level best to sustain under these circumstances and taking all possible measures to increase volume and curtail operating expenses.

We would like to thank our valued customers for their trust and confidence in our product. We are also thankful to our dealers, vendors, employees and the Engineering Development Board for their efforts, encouragement and guidance, which together have played a pivotal role in achieving these results.

Dewan Automotive Engineering Limited

In conclusion, we bow, beg and pray to Almighty Allah, Rahman-o-Ar-Rahim, in the name of our beloved prophet Muhammad (Peace be upon him) for the continued showering of his blessing, guidance, strength, health and prosperity to us, our Company, country and nation: and also pray to Almighty Allah to grant us success in the revival of Dewan Automotive Engineering Limited. Ameen.

LO-MY LORD IS INDEED HEARER OF PRAYER (HOLY QURAN)

For and on behalf of the board of Directors



Dewan Muhammad Yousuf Farooqui
Chief Executive Officer & Chairman

Karachi: April 29, 2009

Dewan Automotive Engineering Limited

CONDENSED INTERIM BALANCE SHEET FOR THE THIRD QUARTER ENDED MARCH 31, 2009 (UN-AUDITED)

ASSETS	Notes	Un-audited March 31 2009	Audited June 30, 2009
		(Rupees in '000)	
NON CURRENT ASSETS			
Property, plant and equipment	5	924,788	975,287
Intangible		30,210	37,181
Deferred cost		1,207	1,352
Long term deposits		1,938	2,088
CURRENT ASSETS			
Store & spares		185	296
Stock in trade		263,011	283,571
Trade debts-considered goods		14,771	12,922
Advances-considered goods		48,518	51,667
Short term prepayments and other receivables		42,621	39,673
Advance income tax		55,677	53,543
Available for sale investments - At fair value	6	156,076	458,678
Cash & bank balances		9,144	41,723
		590,003	942,073
Net current assets held for sale		40,000	40,000
		1,588,146	1,997,981
EQUITY AND LIABILITY			
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		(191,616)	(12,280)
Accumulated loss		(1,341,749)	(993,221)
		(1,319,365)	(791,501)
Surplus on revaluation of property, plant & equipment		309,841	326,114
NON - CURRENT LIABILITY			
Subordinated loan - Unsecured		722,552	722,552
Long term loan - Secured		18,398	21,000
Liabilities against assets subject to finance lease		-	274
Deferred liabilities - Staff gratuity		8,235	10,692
Deferred taxation		128,123	135,427
Deferred income		46	182
CURRENT LIABILITY			
Trade and other payables		566,022	393,477
Markup accrued		136,447	63,341
Short term loan - unsecured		696,974	751,692
Short term loan - secured		249,597	298,304
Provision for taxation		38,009	38,009
Current portion of long term loan		32,750	27,500
Current maturity of assets subject to finance lease		517	918
		1,720,316	1,573,241
CONTINGENCIES	7	-	-
		1,588,146	1,997,981

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



Dewan Muhammad Yousuf Farooqui
Chief Executive Officer & Chairman



Dewan Abdullah Ahmed
Managing Director

Dewan Automotive Engineering Limited

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE THIRD QUARTER ENDED MARCH 31, 2009 (UN-AUDITED)

	Jan-Mar 2009	Jan-Mar 2008	Jul '08 - Mar '09 Rs.000	Jul '07 - Mar '08
Sales - net	52,825	97,128	235,449	369,912
Cost of sales	85,190	108,269	326,336	410,739
Gross Loss	(32,365)	(11,141)	(90,887)	(40,827)
OPERATING EXPENSES				
Distribution expenses	9,445	10,127	30,238	47,325
Administrative expenses	7,923	11,479	36,151	30,289
Finance cost	4,104	33,193	91,670	92,074
Adjustment on Unrealized Loss on Investment available for sale	123,267	-	123,267	-
Loss on sale of Investment	-	4,012	-	4,012
OPERATING LOSS	(177,104)	(69,952)	(372,213)	(214,527)
Other income	38	(960)	(20)	713
Loss before taxation	(177,066)	(70,912)	(372,233)	(213,814)
Taxation current	1,012	502	(13)	1,878
deferred	(2,430)	(768)	(7,292)	(2,304)
Loss after taxation	(175,648)	(70,646)	(364,928)	(213,388)
Loss per share-basic (Rupees)	(8.21)	(3.30)	(17.05)	(9.97)

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



Dewan Muhammad Yousuf Farooqui
Chief Executive Officer & Chairman



Dewan Abdullah Ahmed
Managing Director

Dewan Automotive Engineering Limited

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE THIRD QUARTER ENDED MARCH 31, 2009 (UN-AUDITED)

	March 31, 2009	March 31, 2008
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(372,233)	(213,814)
Adjustment for:		
Depreciation	56,855	42,917
Loss (gain) on sale on property, plant and equipment	159	6
Loss on sale of investment	-	4,012
Impairment in value of investment	123,267	-
Amortization of deferred cost / intangible assets	7,117	7,068
Amortization of deferred income	(136)	488
Provision for gratuity	2,169	540
Finance charges	89,829	97,157
Net Cash flow before working capital changes	(92,973)	(61,626)
Working capital changes		
<i>(increase/decrease in current assets</i>		
Stores and spares	111	108
Stock-in-trade	20,560	65,352
Trade debts	(1,849)	(14,023)
Advances - considered good	3,150	(7,073)
Trade deposits, short term prepayments and other receivables	(2,948)	22,080
	19,024	66,444
<i>Increase/(decrease) in current liabilities</i>		
Trade and other payables	172,798	230,299
	191,822	296,743
Cash used in operations	98,849	235,117
Long-term deposits	150	90
Finance charges paid	(16,721)	(81,502)
Gratuity paid	(1,977)	(2,482)
Income tax paid	(2,129)	(2,135)
Net cash flow from operating activities	78,172	149,088
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(6,674)	(5,642)
Intangible assets (software under development)	-	-
Sales proceeds of property, plant and equipment	3	-
Available for sale investment - At fair value	-	(80,000)
Sales proceeds of investments - At fair value	-	4,899
Net cash flow outflow from investing activities	(6,671)	(80,743)
CASH FLOWS FROM FINANCING ACTIVITIES		
Sub-ordinated loan	-	4,959
Repayment of lease liability	(675)	(593)
Repayment of long term loan	-	(16,750)
Short-term finance	(103,405)	(87,794)
Net cash flow from financing activities	(104,080)	(100,178)
Net increase in cash and cash equivalents	(32,579)	(31,833)
Cash and cash equivalents at the beginning of the year	41,723	47,694
Cash and cash equivalents at the end of the year	9,144	15,861

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



Dewan Muhammad Yousuf Farooqui
Chief Executive Officer & Chairman



Dewan Abdullah Ahmed
Managing Director

Dewan Automotive Engineering Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED MARCH 31, 2009 (UN-AUDITED)

	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	Impairment loss on available for sale investment to be charged in Jan - Dec 2009	Settlement claim from Ford Motors	General Reserve	Accumulated loss	
Rupees in '000								
Balance as at July 01, 2007	214,000	82,090	(32,752)	--	86,194	9,900	(697,197)	(337,765)
Transfer to merger reserve - decrease in share in capital (swap ratio effect)	--	--	--	--	--	--	--	--
Loss after taxation for the year	--	--	--	--	--	--	(213,388)	(213,388)
Deficit due to change in fair value of investment	--	--	(4,658)	--	--	--	--	(4,658)
Add: deficit on investment sold	--	--	5,483	--	--	--	--	5,483
Transfer from surplus on revaluation of property, plant and equipment - net of tax	--	--	--	--	--	--	4,279	4,279
Balance as at March 31, 2008	214,000	82,090	(31,927)	--	86,194	9,900	(906,306)	(546,049)
Balance as at July 01, 2008	214,000	82,090	(190,464)	--	86,194	9,900	(993,221)	(791,501)
Loss after taxation for the period	--	--	--	--	--	--	(364,928)	(364,928)
Deficit due to change in fair value of investment	--	--	190,464	--	--	--	--	190,464
Deficit due to impairment in value of investment	--	--	--	(493,067)	--	--	--	(493,067)
Impairment in value of investment taken to Profit & Loss Account	--	--	--	123,267	--	--	--	123,267
Incremental depreciation	--	--	--	--	--	--	16,400	16,400
Balance as at March 31, 2009	214,000	82,090	--	(369,800)	86,194	9,900	(1,341,749)	(1,319,365)



Dewan Muhammad Yousuf Farooqui
Chief Executive Officer & Chairman



Dewan Abdullah Ahmed
Managing Director

Dewan Automotive Engineering Limited

NOTES TO THE CONDENSED INTERIM ACCOUNTS FOR THE THIRD QUARTER ENDED MARCH 31, 2009 (UN-AUDITED)

1 Status and nature of business

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.

2 Basis of presentation

These financial statements are unaudited and have been prepared in accordance with the International Accounting Standard (IAS 34) "Interim Financial Reporting" and are being submitted to shareholders in accordance with the requirements of section 245 of the Companies Ordinance 1984.

3 Accounting Policies

3.1 The accounting policies and methods of computations followed in the preparation of these financial statements are the same as those of the last published financial statements for the period ended June 30, 2008 except for the departure from IAS - 39 as described in note 7.1 to the interim condensed financial statements.

3.2 Significant accounting estimates and judgments are the same as those applied in preparation of annual financial statements for the year ended June 30, 2008.

4 Going concern assumption

The company incurred a net loss of Rs. 364.928 million (June 30, 2008: Rs. 304.484 million) during the period ended March 31, 2009 and, as of that date it has accumulated losses of Rs. 1,341.749 million (June 30, 2008: Rs. 993.221 million) which has resulted in negative equity of Rs. 1,319.365 million (June 30, 2008: Rs. 791.501 million) and its current liabilities exceeded its total assets by Rs. 132.169 million. These accounts have been prepared under going concern assumption on the basis that the management has plans to induct new products as well as enhancement in the volumes of existing products which will be viable and will meet the demand of local market. The decrease in company's sales volume is due to the effect of the global recession which adversely affected the Pakistan's economy as well. However, these conditions are temporary and would reverse in near future. Accordingly, no adjustment for realizable values of recorded assets and liabilities and classification of liabilities is warranted.

	March 31, 2009	June 30, 2008
5 Property plant and equipment	(Rupees in '000)	
Additions during the period		
Leasehold land	5,281	--
Factory building on leasehold land	--	14,676
Plant and machinery	--	2,377
Furniture and office equipment	--	202
Motor vehicles owned	24	3,083
Tools and equipment	--	50
Electrical appliances	1,368	2,539
	6,673	22,927
Disposals during the period		
Motor vehicles owned	(968)	--
Furniture and office equipment	(64)	(23)
	(1,032)	(23)

Dewan Automotive Engineering Limited

6 AVAILABLE FOR SALE INVESTMENTS - At fair value	March 31,	June 30,
In associated companies:	2009	2008
Dewan Cement Limited (DCL)	(Rupees in '000)	
37,407,000 (2008: 37,407,000) Ordinary shares of Rs. 10/- each		
Market value per share Rs. 12.26 (2007 : Rs. 17.35)	649,142	649,142
(Deficit) due to change in fair value of investments	--	(190,464)
Less: impairment in value of investment - taken directly in equity	(493,155)	--
	155,987	458,678
Market value (Rupees per share)	4.18	12.26

6.1 Impairment in value of available for sale investment has been taken directly to equity as per relaxation provided by Securities & Exchange Commission of Pakistan (SECP) vide its notification SRO 150(I)/2009 dated February 13, 2009. The aforesaid treatment is not in line with the requirements of International Accounting Standard 39 'Financial Instruments - Recognition and Measurement' (IAS-39). IAS - 39 requires that any impairment in value of available for sale financial assets should be recognized in profit and loss account for the period. Had the treatment in accordance with IAS-39 been made, the loss for the period would have been higher by Rs.493.155 millions. The said impairment loss including any adjustment / effect for the price movements during the quarter of calendar year 2009 will be taken to Profit and Loss Account on quarterly basis during the calendar year ending on 31-12-2009 as allowed by above referred notification by SECP.

6.2 The market price of associated company's share wherein company has investment shows declining trend from the date of balance sheet to the date the financial statements were authorized for issue. The market price of DCL's share as of April 29, 2009 (i.e. the date on which the financial statements were authorised for issue) is Rs.3.02 per share, thereby reducing the market value of the investment by Rs.43.392 millions.

7 Contingencies and Commitments

There is no material change in the contingencies and commitments since the last audited financial statements.

8 Related parties transactions

	July - Mar 2009	July - Mar 2008
Associated Companies:	(Rupees in '000)	
Purchases of vehicles	--	2,757
Sales	16,984	66,140
Short term finance (associated company) - Net	--	23,642
Financial charges	60,678	23,422

9 Date of authorization for issue

These financial statements were authorized for issue on April 29, 2009 in accordance with the resolution of the Board of Directors.

10 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 and cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

11 General

Figures have been rounded off to the nearest thousand of rupees.



Dewan Muhammad Yousuf Farooqui
Chief Executive Officer & Chairman



Dewan Abdullah Ahmed
Managing Director