

Half Yearly Report
December 31, 2023



DEWAN AUTOMOTIVE ENGINEERING LIMITED

YD | A YOUSUF DEWAN COMPANY

Contents

Company Information	01
Director Report (English)	02
Auditors' Report to the Members on Review of Condensed Interim Financial Statements	04
Condensed Interim Statement of Financial Position	06
Condensed Interim Statement of Profit or Loss	07
Condensed Interim Statement of Comprehensive Income	08
Condensed Interim Statement of Cash Flows	09
Condensed Interim Statement of Changes in Equity	10
Notes to the Condensed Interim Financial Statements	11
Director Report (Urdu)	15

DEWAN AUTOMOTIVE ENGINEERING LIMITED

Company Information

BOARD OF DIRECTORS

Executive Director

Mr. Waseem-ul-Haque Ansari

Chief Executive Officer

Non-Executive Directors

Mr. Ishfaq Ahmed

Mr. Abdul Basit

Mr. Mehmood-ul-Hassan Asghar

Mr. Muhammad Irfan Ali

Syed Maqbool Ali

Chairman Board of Directors
(Nominee Director in DMPL)
(Nominee Director in DMPL)
Director
(Nominee Director in DMPL)

Independent Director

Mr. Azizul Haque

CHIEF FINANCIAL OFFICER

Mr. Muhsin Ali

COMPANY SECRETARY

Mr. Muhammad Hanif German

AUDIT COMMITTEE

Mr. Azizul Haque

Mr. Ishfaq Ahmad

Syed Maqbool Ali

Chairman

Member

Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Azizul Haque

Mr. Waseem ul Haque Ansari

Syed Maqbool Ali

Chairman

Member

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(Adocate)

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

REGISTERED OFFICE

Dewan Centre, 3-A Lalazar

Beach Luxury Hotel Road

Karachi.

FACTORY

Dewan City Sajawal District Thatta, Sindh.

WEBSITE

www.yousfdewan.com

DIRECTORS' REPORT
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 for the half year ended December 31, 2023 duly reviewed by auditors.

Economy Overview,

The automotive sector in Pakistan has been facing significant challenges for the last more than a year where original equipment manufacturers are experiencing a drastic drop in their sales volumes. This decline had a cascading effect on auto parts manufacturers, who are operating plants on an average below 70 percent capacity.

Major OEMs halted production intermittently due to low demand, supply chain disruptions and inventory shortages etc. Importation of used cars captured 25% of the market share, exacerbating challenges for the local auto industry and parts manufacturers. This stark decline in year-to-date performance underscores the persistent challenges faced by the sector, including high inflation, currency depreciation, low demand, and

Automotive sector anticipates an upswing in economic activity and recovery in the automotive sector. Negotiations with the International Monetary Fund (IMF), potential easing of imports and new incentives for auto manufacturers under the new government's directions could provide impetus for growth.

Financial Overview

During the period under review the financial performance is as follows.

	December 2023	December 2022
	(Rupees in '000)	
Sales- Net	-	-
Gross (Loss)	(7,082)	(7,552)
Profit/(Loss) after taxation	(39,587)	(18,625)

The production activity of the Company during the half year ended December 31, 2023 remained halted due to suspension of the production by the sister concern to whom sales were being made. The company is facing under unfavorable conditions due to the aforesaid fact and making best endeavors to survive. As the operation of the concerned sister concern are going to be resumed so resultantly the management is hopeful to start the production activities of the company on the availability of the working capital in near future.

Auditors, in their review report, did not agree with the going concern assumption used in preparation of interim condensed financial statements accordingly they have given their adverse opinion on the interim condensed financial statements. In response to the auditors' observations we state that the Company has got successful in the repayment of all financial obligations of its bankers/financial institutions and has done away with their litigations. Now management is in process of arrangement of working capital and as a result hopeful for the resumption of the operations of the company in near future. The justifications regarding preparation of interim condensed financial statements on going concern assumption are more fully explained in note 2 to the interim condensed financial statements.

Conclusion :

In conclusion, we bow, beg and pray to Almighty Allah, Rehman-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 (HOLY QURAN)



Waseem-ul-Haque Ansari
Chief Executive Officer



Ishfaq Ahmed
Chairman Board of Directors

Karachi: February 26, 2024

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Dewan Automotive Engineering Limited

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Dewan Automotive Engineering Limited ('the Company') as at 31 December 2023 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the condensed interim financial statements 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 Opinion

a) The condensed interim financial statements of the Company have been prepared on going concern basis despite of the fact that the Company incurred a net loss of Rs.39.587 million during the period ended 31 December 2023, and, as of that date it has accumulated losses of Rs.1,945.980 million which have resulted in net capital deficiency of Rs.1,496.285 million and its current liabilities exceeded its current assets by Rs.1,405.280 million and total assets by Rs.1,205.069 million. The 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. These conditions lead us to believe that the going concern assumption used in preparation of these condensed interim financial statements is inappropriate; consequently, the assets and liabilities should have been stated at their realizable and settlement amounts respectively.

Adverse conclusion

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

Other matters

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months period ended 31 December 2023 and 31 December 2022 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 December 2023.

The engagement partner on the review engagement resulting in this independent auditors' review report is Fasih uz zaman.

Fasih uz Zaman & Co.

CHARTERED ACCOUNTANTS

Place: Karachi

Dated: February 27, 2024

UDIN : RR2023101797kW3RScD1

DEWAN AUTOMOTIVE ENGINEERING LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS ON 31 DECEMBER 2023

ASSETS	Notes	(Un-audited) 31 December 2023	(Audited) 30 June 2023
		----- (Rupees in '000) -----	
NON-CURRENT ASSETS			
Property, plant and equipment	6	189,774	196,962
Long term deposit		503	503
Available for sale investment	7	9,934	9,934
		200,211	207,399
CURRENT ASSETS			
Advances		1,376	1,376
Advance income tax - Net		2,637	2,597
Bank balances		242	515
		4,255	4,488
		204,466	211,887
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
21,800,000 (June 2023: 21,800,000) Ordinary shares of Rs.10/- €		218,000	218,000
Issued, subscribed and paid-up share capital		214,000	214,000
Capital reserve			
Merger reserve		82,090	82,090
Settlement claim from Ford Motors		86,194	86,194
Surplus on revaluation of property, plant and equipment	8	57,511	59,519
Revenue reserves			
General reserve		9,900	9,900
Accumulated losses		(1,945,981)	(1,908,401)
		(1,496,286)	(1,456,698)
NON-CURRENT LIABILITIES			
Long term loan - Unsecured	9	269,197	254,355
Deferred taxation	10	22,020	22,840
		291,217	277,195
CURRENT LIABILITIES			
Trade and other payables		374,960	374,819
Short term finance		154,879	154,879
Accrued mark-up		879,696	861,692
		1,409,535	1,391,390
CONTINGENCIES AND COMMITMENTS			
	11	-	-
		204,466	211,887

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



Waseem ul haque Ansari
Chief Executive



Muhsin Ali
Chief Financial Officer



Istiaq Ahmed
Chairman Board of Director

DEWAN AUTOMOTIVE ENGINEERING LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023 - (Un-audited)

	Notes	Half Year Ended		Quarter Ended	
		'2023	'2022	'2023	'2022
		----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Sales - Net		--	--	--	--
Cost of sales		<u>(7,082)</u>	<u>(7,552)</u>	<u>(3,599)</u>	<u>(3,836)</u>
Gross (loss)		<u>(7,082)</u>	<u>(7,552)</u>	<u>(3,599)</u>	<u>(3,836)</u>
Operating expenses					
Administrative expenses		<u>(1,031)</u>	<u>(749)</u>	<u>(443)</u>	<u>(408)</u>
Operating (loss)		(8,113)	(8,301)	(4,042)	(4,244)
Other income	12	552	546	280	274
Finance cost	13	(32,846)	(11,762)	(16,190)	961
Loss before taxation		<u>(40,407)</u>	<u>(19,517)</u>	<u>(19,952)</u>	<u>(3,009)</u>
Taxation - Net		820	892	410	450
(Loss) for the period		<u><u>(39,587)</u></u>	<u><u>(18,625)</u></u>	<u><u>(19,542)</u></u>	<u><u>(2,559)</u></u>
(Loss) per share -					
Basic and diluted (Rupees)		<u>(1.85)</u>	<u>(0.87)</u>	<u>(0.91)</u>	<u>(0.12)</u>

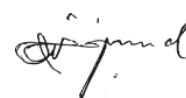
The annexed notes form an integral part of these condensed interim financial statements.



Waseem ul haque Ansari
Chief Executive



Muhsin Ali
Chief Financial Officer



Istiaq Ahmed
Chairman Board of Director

DEWAN AUTOMOTIVE ENGINEERING LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2023 - (Un-audited)

	Half Year Ended		Quarter Ended	
	'2023	'2022	'2023	'2022
(Loss) for the period	(39,587)	(18,625)	(19,542)	(2,559)
<i>Other comprehensive income for the period:</i>	--	--	--	--
Total comprehensive (loss) for the period	(39,587)	(18,625)	(19,542)	(2,559)

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



Waseem ul haque Ansari
Chief Executive



Muhsin Ali
Chief Financial Officer



Istiaq Ahmed
Chairman Board of Director

DEWAN AUTOMOTIVE ENGINEERING LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023 - (Un-audited)

	<u>2023</u>	<u>2022</u>
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) before taxation	(40,408)	(19,517)
Adjustment for non cash charges and other items		
Depreciation	7,188	7,861
Unwinding of discount / present value adjustment - Net	14,842	5,305
Finance cost	18,006	11,762
Cash flows before working capital changes	<u>(373)</u>	<u>5,411</u>
Working capital changes		
<i>(increase)/decrease in current assets</i>		
Advances	-	--
<i>Increase/(decrease) in current liabilities</i>		
Trade and other payables	141	(7,191)
	<u>141</u>	<u>(7,191)</u>
Net cash generated from operations	<u>(232)</u>	<u>(1,780)</u>
Payments for:		
Finance cost	(1)	(11,762)
Income tax	(40)	(255)
Net cash outflows from operating activities	<u>(273)</u>	<u>(13,767)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loan received	-	25,000
Overdue portion of loan repaid	-	(11,250)
Net cash (outflow)/ inflows from financing activities	-	13,750
Net increase / (decrease) in cash and cash equivalents	<u>(273)</u>	<u>(17)</u>
Cash and cash equivalents at the beginning of the period	515	507
Cash and cash equivalents at the end of the period	<u><u>242</u></u>	<u><u>490</u></u>

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


Waseem ul haque Ansari
Chief Executive


Muhsin Ali
Chief Financial Officer


Istiaq Ahmed
Chairman Board of Director

DEWAN AUTOMOTIVE ENGINEERING LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2023 - (Un-audited)

	Capital reserves				Revenue reserves			Total	
	Issued, subscribed and paid-up share capital	Merger reserve	Settlement claim from Ford Motors	Surplus on revaluation of property, plant and equipment	Total capital reserves	General reserve	Accumulated losses		Total revenue reserves
----- (Rupees in '000) -----									
Balance as on 1 July 2022	214,000	82,090	86,194	63,888	232,172	9,900	(1,827,684)	(1,817,784)	(1,371,612)
(Loss) for the period	--	--	--	--	--	--	(18,625)	(18,625)	(18,625)
Other comprehensive income / (loss)	--	--	--	--	--	--	--	--	--
Total comprehensive (loss) for the period	--	--	--	--	--	--	(18,625)	(18,625)	(18,625)
Incremental depreciation transfer from surplus on revaluation of property, plant and equipment	--	--	--	(2,185)	(2,185)	--	2,185	2,185	--
Balance as at 31 December 2022	214,000	82,090	86,194	61,703	229,987	9,900	(1,844,124)	(1,834,224)	(1,390,237)
Balance as on 1 July 2023	214,000	82,090	86,194	59,519	227,803	9,900	(1,908,401)	(1,898,501)	(1,456,698)
(Loss) for the period	--	--	--	--	--	--	(39,588)	(39,588)	(39,588)
Other comprehensive income / (loss)	--	--	--	--	--	--	--	--	--
Total comprehensive (loss) for the period	--	--	--	--	--	--	(39,588)	(39,588)	(39,588)
Incremental depreciation transfer from surplus on revaluation of property, plant and equipment	--	--	--	(2,008)	(2,008)	--	2,008	2,008	--
Balance as at 31 December 2023	214,000	82,090	86,194	57,511	225,795	9,900	(1,945,981)	(1,936,081)	(1,496,286)

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



Waseem ul haque Ansari
Chief Executive



Muhsin Ali
Chief Financial Officer



Istiaq Ahmed
Chairman Board of Director

DEWAN AUTOMOTIVE ENGINEERING LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023 - (Un-audited)

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 Dewan Centre, 3-A Lalazar, Beach Hotel Road, 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 defaulter's 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) and 5.11.1.(e) is warranted under the said circumstances.

2 GOING CONCERN ASSUMPTION

The condensed interim financial statements for the half year ended 31 December 2023 reflect that the Company has sustained a net loss after taxation of Rs. 39.587 million (June 2023: Rs.85.086 million) and, as of that date it has accumulated losses of Rs.1,945.980 million (June 2023: Rs.1,908.401 million) which have resulted in net capital deficiency of Rs.1,496.285 million (June 2023: Rs.1,456.698 million) and its current liabilities exceeded its current assets by Rs.1,405.280 million (June 2023: Rs.1,386.902 million) and total assets by Rs.1,205.069 million (June 2023: Rs.1,179.503 million) and operations of the Company are closed. 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 to be started in near future.

These financial statements have prepared on going concern assumption because the conditions being faced by the company are temporary and would reverse due to nearby resumption of operations of the Company's sister concern to whom the supplies of its products are to be made. The Company have already settled its liabilities in respect of all of its Banks / Financial Institutions and expects to avail working capital lines for its operations.

3 BASIS OF PREPARATION

3.1 These condensed interim financial statements of the Company for the six months ended 31 December 2023 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 These condensed interim financial statements 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 2023.

3.3 The figures included in the condensed interim statement of profit or loss and other comprehensive income for the quarters ended 31 December 2023 and 31 December 2022 and 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 2023 and 31 December 2022.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial information are consistent with those applied in the

preparation of annual audited financial statements of the Company for the year ended 30 June 2023.

4.2 Change in accounting standards, interpretations, and amendments to published accounting and reporting standards

4.2.1 Amendments to published accounting and reporting standards that became effective during the period:

There were certain amendments to accounting and reporting standards which became mandatory for the Company during the period. However, the amendments did not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim

4.2.2 amendments to published accounting and reporting standards that are not yet effective

There are certain amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after 1 July 2023. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

5 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of condensed interim financial statements requires management to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended 30 June 2023.

		(Un-audited) 31 December 2023	(Audited) 30 June 2023
----- (Rupees in '000) -----			
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets -			
At cost less accumulated depreciation	6.1	<u>189,774</u>	<u>196,962</u>
6.1 Operating fixed assets - At cost / revaluation less accumulated depreciation			
Opening carrying value		196,962	212,681
Additions during the period / year		--	--
Depreciation charged during the period / year		<u>(7,188)</u>	<u>(15,719)</u>
Closing carrying value		<u>189,774</u>	<u>196,962</u>
7 AVAILABLE FOR SALE INVESTMENT			
Investment in associated company			
Dewan Mushtaq Trade Limited (Public, unquoted company)			
4,000,000 (June 2023: 4,000,000) Ordinary shares of Rs.10/- each		40,000	40,000
Provision for impairment loss		<u>(30,066)</u>	<u>(30,066)</u>
		<u>9,934</u>	<u>9,934</u>
7.1	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.		
7.2	Investments in associated company or undertakings have been made in accordance with the requirements under the Act.		
		(Un-audited) 31 December 2023	(Audited) 30 June 2023
----- (Rupees in '000) -----			
8 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Balance as at 1 July		59,519	63,888
Incremental depreciation charged on related assets - Net of tax		<u>(2,008)</u>	<u>(4,369)</u>
		<u>57,511</u>	<u>59,519</u>

9 LONG TERM LOAN - Unsecured

From director - At amortized cost

Loan received - Opening	9.1	354,200	329,200
Received during the period / year		<u> -- </u>	<u> 25,000 </u>
		354,200	354,200
Accumulated present value adjustment		(266,691)	(266,691)
Accumulated interest charged to profit and loss account		<u> 181,688 </u>	<u> 166,846 </u>
		<u> 269,197 </u>	<u> 254,355 </u>

- 9.1 The above loan is interest free and unsecured. 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

10 DEFERRED TAXATION

Deferred tax liability arising out of surplus on revaluation of property plant and equipment	<u> 22,020 </u>	<u> 22,840 </u>
--	-----------------------	-----------------------

- 10.1 The Company has not recognized deferred tax asset amounting to Rs.206.016 million (2023: Rs.602.353 million) arising due to available tax losses and credits since it is not probable that future taxable profits will be available against which the temporary differences can be utilized. The deferred tax liability reflected in these financial statements relates to the surplus on revaluation of property, plant and equipment only.

11 CONTINGENCIES AND COMMITMENTS

There has been no significant change in the status of contingencies as reported in the annual financial statements for the year ended 30 June 2023.

	Half Year Ended		Quarter Ended	
	2023	2022	2023	2022
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
12 OTHER INCOME				
Rental income	544	544	272	272
Interest income on saving account	<u> 8 </u>	<u> 2 </u>	<u> 8 </u>	<u> 2 </u>
	<u> 552 </u>	<u> 546 </u>	<u> 280 </u>	<u> 274 </u>

13 FINANCE COST

Unwinding of discount / present value adjustment - Net	14,841	5,305	7,421	29
Mark-up on borrowings from related parties	<u> 18,005 </u>	<u> 6,457 </u>	<u> 8,769 </u>	<u> (990) </u>
	<u> 32,846 </u>	<u> 11,762 </u>	<u> 16,190 </u>	<u> (961) </u>

14 TRANSACTIONS WITH RELATED PARTIES

Related parties include associated group companies, directors, executives, key management personnel and staff retirement funds. The transaction with associated companies are in the normal course of business and have been entered on an arm's length basis. The remuneration paid to chief executive, directors, executive and key management personnel in terms of their employment. Material transactions with related parties are given below:

Name of the related party	Basis of relationship	Percentage of shareholding	Nature of transactions during the year	(Un-audit)	(Un-audit)
				31 December 2023	31 December 2022
				----- (Rupees '000) -----	

Dewan Farooq Motors Limited	Group Company	0.12%	Mark up expense	18,005	6,457
Dewan Mushtaq Motors Company (pvt) Ltd	Group Company	-	Rental Income	544	544

15 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

15.1 Financial risk factors

The Company is exposed to the credit risks, liquidity risks and market risks (including currency rate risk and other price risk) from its use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors is responsible for developing and monitoring the Company's risk management policies.

The Company's objective in managing risk is the creation and protection of shareholders value. The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

There have been no changes in the risk management policies during the period, consequently these condensed interim financial statements do not include all the financial risk management information and disclosures required in the annual financial statements.

15.2 Fair value hierarchy

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of all financial assets and liabilities reflected in the financial statements

16 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

17 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on 26th February 2024 in accordance with the resolution of the Board of Directors of the Company.

18 GENERAL

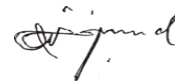
This condensed interim financial statements are presented in Rupees and figures have been rounded off to the nearest thousand rupees.



Waseem ul haque Ansari
Chief Executive



Muhsin Ali
Chief Financial Officer



Istiaq Ahmed
Chairman Board of Director

ڈائریکٹرز کا جائزہ

اگر تم شکر کرو گے تو میں تمہیں اور دوں گا (القرآن)

آپ کی کمپنی کے بورڈ آف ڈائریکٹران کو 31 دسمبر 2023 کو ختم ہونے والے ششماہی کے لیے غیر آڈیٹ شدہ کنڈینسڈ عبوری مالیاتی گوشوارے پیش کرنے میں دلی مسرت ہے جن گوشواروں کا آڈیٹرز کے ذریعہ جائزہ لیا گیا ہے۔

پاکستان میں آٹو موٹو سیکٹر کو پچھلے سال کے دوران اہم چیلنجز کا سامنا کرنا پڑا، اصل سازوسامان بنانے والوں کے حجم کی فروخت میں زبردست کمی کا سامنا کرنا پڑا۔ اس کمی کا ان آٹو پارٹس مینوفیکچررز پر گہرا اثر پڑا، جو کہ 70 فیصد سے کم پیداواری صلاحیت کے ساتھ پلانٹ چلاتے تھے۔

ساز و سامان بنانے والوں نے کم مانگ، سپلائی چین میں رکاوٹوں اور انوینٹری کی کمی کی وجہ سے پیداوار روک دی۔ استعمال شدہ کاروں کی درآمد نے مارکیٹ کا 25% حصہ حاصل کر لیا، جس سے مقامی آٹو انڈسٹری اور پارٹس مینوفیکچررز کے لیے چیلنجز بڑھ گئے۔ دوران سال اب تک کی کارکردگی میں یہ واضح کمی اس شعبے کو درپیش مسلسل چیلنجوں کی نشاندہی کرتی ہے، بشمول بلند افراط زر، کرنسی کی قدر میں کمی، کم مانگ، اور سیاسی غیر یقینی صورتحال کا سامنا رہا۔

آٹو موٹوسیکٹر معاشی سرگرمیوں میں اضافے اور آٹو موٹو سیکٹر میں بحالی کی توقع کرتا ہے۔ بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) کے ساتھ مذاکرات، درآمدات میں ممکنہ نرمی، اور نئی حکومت کے تحت آٹو مینوفیکچررز کے لیے نئی مراعات اس شعبے کی ترقی کے لئے نئی راہیں کھول سکتی ہیں۔

زیر جائزہ مدت کے دوران کمپنی کی مالی کارکردگی حسب ذیل ہے:

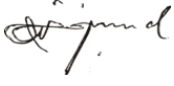
31 دسمبر 2022ء	31 دسمبر 2023ء	
روپے ہزاروں میں	روپے ہزاروں میں	
-	-	کل فروخت
(7,552)	(7,082)	کل خسارہ
(18,625)	(39,587)	خالص کل خسارہ بعد از ٹیکس

31 دسمبر 2023 کو ختم ہونے والے ششماہی کے دوران کمپنی کی پیداواری سرگرمیاں گاڑی بنانے والی کمپنی کی طرف سے پروڈکشن معطل کرنے کی وجہ سے رکی رہی۔ موجودہ سخت حالات برداشت کر کے اپنے وجود کو باقی رکھنے کی بہترین کوششیں کر رہی ہے۔ چونکہ متعلقہ گاڑی بنانے والی کمپنی کا آپریشن دوبارہ شروع ہونے والا ہے اس کے نتیجے میں انتظامیہ کو امید ہے کہ مستقبل قریب میں ورکنگ کیپیٹل کی دستیابی کی وجہ سے کمپنی کی پیداوار شروع کر دی جائے گی۔

آڈیٹرز، اپنی جائزہ رپورٹ میں، عبوری مالیاتی گوشوارے کی تیاری میں استعمال ہونے والے تشویشناک مفروضے سے متفق نہیں تھے، انکے مطابق انہوں نے عبوری مالیاتی گوشوارے بیانات پر اپنی منفی رائے دی ہے۔ آڈیٹرز کے مشاہدات کے جواب میں ہم کہتے ہیں کہ کمپنی اپنے بینکرز/مالیاتی اداروں کی تمام مالی ذمہ داریوں کی ادائیگی میں کامیاب ہو گئی ہے اور ان کی قانونی چارہ جوئی کو ختم کر دیا ہے۔ اب انتظامیہ ورکنگ کیپیٹل کے انتظام کے عمل میں ہے اور اس کے نتیجے میں مستقبل قریب میں کمپنی کے آپریشنز کے دوبارہ شروع ہونے کی امید ہے۔ تشویش کے مفروضے پر عبوری مالیاتی گوشوارے کی تیاری کے جواز کو نوٹ 2 میں عبوری مالیاتی گوشوارے میں مزید مکمل طور پر بیان کیا گیا ہے۔

آخر میں، ہم اللہ تعالیٰ رحمن الرحیم سے اپنے پیارے نبی محمد صلی اللہ علیہ وسلم کے صدقے سجدہ، التجا اور دعا کرتے ہیں کہ وہ ہم پر، ہماری کمپنی پر اور ہماری قوم پر اپنی رحمت، ہدایت، طاقت، صحت اور خوشحالی کی بارش جاری رکھے۔ اور اللہ تعالیٰ سے دعا ہے کہ وہ پوری امت مسلمہ کو حقیقی اسلامی جذبے کے ساتھ امن، ہم آہنگی، بھائی چارہ اور اتحاد عطا فرمائے، آمین، ثم آمین۔

بے شک میرا رب دعاؤں کا سننے والا ہے (القرآن)



اشتیاق احمد

چیئرمین بورڈ آف ڈائریکٹر



وسیم

الحق انصاری

چیف

ایگزیکٹو افسر

کراچی 26 فروری 2024