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Mission Statement

Our mission is to make Dewan Automotive Engineering Limited a professionally run engineering enterprise which should contribute towards national goal of self reliance by providing excellent quality Motorcycles, Automotive Parts, Tractors and other allied Products.

We will conduct our affairs diligently, responsibly and in a straight forward manner to the manifest advantage of our customers, employees and shareholders.

COMPANY INFORMATION

BOARD OF DIRECTORS	:	Dewan Muhammad Yousuf Farooqui Chief Executive Officer & Chairman Board of Director Dewan Abdullah Ahmed Managing Director Dewan Abdul Rehman Farooqui Dewan Asim Mushfiq Farooqui Dewan Abdul Baqi Farooqui Mr. Haroon Iqbal Mr. Azizul Haque
COMPANY SECRETARY	:	Muhammad Naeemuddin Mailk
AUDIT COMMITTEE	:	Dewan Abdul Rehman Farooqui (Chairman) Mr. Haroon Iqbal (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 Standard Chartered Bank Limited The Royal Bank of Scotland Zarai Tarqiati Bank Limited NIB Bank Limited My 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.dewangroup.com.pk

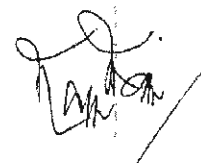
NOTICE OF THE TWENTY NINTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty Ninth Annual General Meeting of **Dewan Automotive Engineering Limited** (“*DAEL*” or “*the Company*”) will be held on **Wednesday, October 26, 2011, at 01:30 p.m.** at Dewan Cement Limited Factory Site, at Deh Dhando, Dhabeji, District Malir, Karachi, Pakistan; to transact the following businesses upon recitation from Holy Qur’aan and other religious recitals:

Ordinary Business:

1. To confirm the minutes of the preceding General Meeting of the Company held on Tuesday, November 30, 2010;
2. To receive, consider, approve and adopt the annual audited financial statements of the Company for the year ended June 30, 2011, together with the Directors' and Auditors' Reports thereon;
3. To appoint the Statutory Auditors' of the Company for the ensuing year, and to fix their remuneration;
4. To consider any other business with the permission of the Chair.

By Order of the Board



Muhammad Naemuddin Malik
Company Secretary

Date: September 30, 2011
Place: Karachi

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 20, 2011 to October 26, 2011 (both days inclusive).
2. Members are requested to immediately notify change in their addresses, if any, at our Shares Registrar Transfer Agent BMF Consultants Pakistan (Private) Limited, located at Anum Estate Building, Room No. 310 & 311, 3rd Floor, 49, Darul Aman Society, Main Shahrah-e-Faisal, adjacent to Baloch Colony Bridge, Karachi, Pakistan.
3. A member of the Company entitled to attend and vote at this meeting, may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received by the Company at the abovesaid address, not less than 48 hours before the meeting.
4. CDC Account holders will further have to observe the following guidelines, as laid down in Circular 01 dated January 20, 2000, issued by the Securities and Exchange Commission of Pakistan:

a) For Attending Meeting:

- i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original National Identity Card (CNIC), or original passport at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors' resolution/power of attorney, along with the specimen signature of the nominee, shall be produced (unless it has been provided earlier) at the time of meeting.

b) For Appointing Proxies:

- i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirements.
- ii) Two persons, whose names, addresses, and CNIC numbers shall be mentioned on the form, shall witness the proxy.
- iii) Attested copies of CNIC or passport of the beneficial owners and proxy shall be furnished along with the proxy form.
- iv) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- v) In case of corporate entity, the Board of Directors' resolution/power of attorney, along with the specimen signature of the nominee, shall be produced (unless it has been provided earlier) along with the proxy form to the Company.

DIRECTORS' REPORT

IF YE GIVE THANKS, I WILL GIVE YOU MORE (HOLY QURAN)

The Board of Directors of Dewan Automotive Engineering Limited is pleased to present its annual report along with the Company's audited financial statements for the year ended June 30, 2011 and welcomes you to the Twenty Ninth Annual General Meeting.

Financial Overview

The summary of financial performance for the year, along with the comparative figures of financial year 2010 is as follows:

	2011	2010
	(Rupees '000)	
Gross Sales	14,681	140,584
Gross (loss)	(58,631)	(41,343)
Operating (loss)	(211,091)	(206,214)
Net (loss) after tax	(208,072)	(514,930)
Accumulated (loss)	(2,040,626)	(1,838,146)

Year under review:

The operations of the company, during the year, remained almost closed. However, the year under review started with economic recovery. Soon after, it received a jolt through devastating floods but agriculture sector registered a sharp recovery after absorbing the effects of the worst flood in history. This was on the back of continued surge in domestic and international prices of agricultural products, pushing up the farmers' income. The auto industry posted a growth of 16.5% whereas motorcycle industry registered a growth of 17.6% and rural demand for automobiles was higher than anticipated. The growth was somewhat affected by the floods in August 2010, however, higher prices of crops more than compensated the effects of the floods. The growth can also be attributed to escalating fuel prices, poor transportation system, shortage of natural gas and increase in transportation fares coupled with hike in four wheeler prices, which has created demand for motorcycles in urban and semi urban areas.

Due to freezing of banking lines, the operations of the Company remained suspended. The company is operating under tough conditions due to the aforesaid reason and making best endeavors to survive. To overcome the current financial situation the Company is taking various countermeasures and has taken up the matter with the banks. The proposal for re-profiling of Company's debts is in the process of negotiation with the banks and it is expected that the restructuring will be completed in due course and the operations of the Company will be normalized.

The Management has to comment on Auditors qualifications, as per Auditors' Report as under:

Para (a) and (b) regarding going concern and non provisioning of mark up: The Management has explained the status of the matter in respective Notes No. 2 and 27.1 to the financial statements.

Para (c) regarding actuarial valuation for staff retirement benefits: Provision for gratuity has not been made on the bases of actuarial valuation method as, in view of management the impact of accurtial would not be material. The operations are almost closed and only few staff members are in service. The actuarial valuation method for gratuity will be adopted as and when the normal operations are resumed.

Para (d) regarding short provision for slow moving stock: Auditor's observations is based on the slow movement of stocks on account of continued decline in production. Provision of Rs. 11.582 million on account of slow moving stock have been made in these financial statements. However management is confident that the company would be able to, finalize the financial restructuring with the lenders and will resume normal operations and stock in trade will be consumed in normal course of business operations, hence no further provision for slow moving stocks will be necessary.

Statement of Compliance with under Clause XIX of the Code of Corporate Governance:

- The financial statements for the year ended June 30, 2011, prepared by the management of the company, present fairly its state of affairs, the results of its operations, cash flow and changes in equity;
- Proper books of accounts of the company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended June 30, 2011 and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS) as applicable in Pakistan, have been followed in preparation of financial statements;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- The Management has explained their views in detail regarding the going concern ability of the company in note 2 of the annexed financial statements.
- There has been no material departure from the best practice of the corporate governance, as detailed in the listing regulations of the stock exchange of Pakistan;
- Summarized key operating and financial data is enclosed with the report;
- All taxes have been paid and nothing is outstanding, except as disclosed in note 20 of the annexed audited financial statement;
- The Board of Directors comprise of individuals with diversified knowledge who endeavor to contribute towards the aim of the Company with the best of their abilities. During the year five meetings of the Board were held. The attendance of directors was as follows;

Names	No of Meetings Attended
Dewan Muhammad Yousuf Farooqui	3
Dewan Asim Mushfiq Farooqui	3
Dewan Abdullah Ahmed	3
Dewan Abdul Baqi Farooqui	5
Mr. Haroon Iqbal	5
Dewan Abdul Rehman Farooqui	4
Mr. M. A. Lodhi	4

Leave of absence was granted to directors who could not attend Board meetings.
The audit committee comprises of three directors, two of them are non-executive.

Auditors:

The present Auditors Messrs Faruq Ali & Co, Chartered Accountants, have retired and offer themselves for re-appointment.

The Board of Director on recommendation of the Audit committee has recommended the re-appointment of Messrs Faruq Ali & Co, Chartered Accountants.

Loss per share

The Loss per Share is Rs. 9.72

Dividend

Due to loss for the year as well as accumulated losses, no dividend has been recommended by the Board.

Pattern of Shareholding:

The Pattern of Shareholding of the Company as at June 30, 2011 is included in the Annual Report.

Trading in Company Shares

None of the Directors, CFO, Company Secretary, their spouses and minor children have traded in the shares of the Company during the year.

Vote of Thanks:

On behalf of the Board, I thank you, the valued shareholders, Federal and Provincial Governments and their functionaries, banks, development financial institutions, leasing companies, dealers, vendors and customers for their continued support and patronage.

The Board would also like to appreciate the valuable services, loyalty and efforts rendered by the executives, staff members and workers of the Company, during the year under review.

Conclusion:

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 (HOLY QURAN)



Dewan Muhammad Yousuf Farooqui
Chief Executive Officer & Chairman

Date: September 30, 2011

Place: Karachi

SUMMARISED KEY OPERATING AND FINANCIAL DATA OF LAST SIX YEARS

	Rupees in '000'					
	2011	2010	2009	2008	2007	2006
Fixed Assets	461,228	559,071	604,596	975,287	634,088	684,234
Deferred Cost	773	966	1,159	1,352	1,545	1,738
Intangible	9,296	18,591	27,886	37,181	46,476	14,623
Long term deposit	348	1,938	1,938	2,088	707	468
Current assets	354,819	402,374	516,786	942,073	1,228,017	1,436,249
Long term Investment	-	-	-	-	40,000	40,000
Issued subscribed & paid up capital	214,000	214,000	214,000	214,000	214,000	270,000
Reserves-net	177,062	178,184	(94,953)	(12,280)	145,432	53,701
Shareholders equity	(1,649,564)	(1,445,962)	(1,210,211)	(791,501)	(337,765)	(52,500)
Surplus on revaluation of fixed assets	85,355	148,947	154,989	326,114	62,204	68,522
Deferred liabilities	14,158	10,799	11,025	10,692	9,365	6,125
Long term financing	722,552	722,552	722,552	743,826	760,785	645,480
Current liabilities	1,650,965	1,540,593	1,464,747	1,573,241	1,423,409	1,464,769
turnover	12,465	121,422	283,972	557,666	608,810	1,041,722
Gross(Loss)/ Profit	(58,631)	(41,343)	(10,173)	(53,490)	(63,876)	87,794
Profit/ (Loss) before tax	(211,085)	(517,575)	(593,326)	(306,021)	(336,518)	(147,305)
Loss after tax	(208,072)	(514,930)	(507,162)	(304,484)	(327,314)	(149,824)
Transfer from surplus on revaluation of fixed assets to accumulated losses	5,592	6,042	16,762	8,460	6,318	3,581
Production of tractors (in numbers)	-	-	10	59	33	220
Production of Motorcycles	110	2,707	6,858	9,239	9,532	11,742

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2011

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi and Lahore stock exchanges for the purpose of establishing of framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present, the Board includes six non-executive directors.
2. The Directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of stock exchange, has been declared as defaulter by that stock exchange.
4. Casual vacancies occurring in the Board during the financial year were duly filled up by the Board.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman, if he is available, and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.
9. The Board are well aware of their duties and responsibilities.
10. The Board has approved the appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The Directors, CEO and Executives of the bank do not hold any interest in the shares of the Company other than that disclosed in the Pattern of Share holding. The Directors, CEO and their spouses and minor children, however, none of the CFO & Company Secretary have traded in the shares of the Company.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee, it comprises three members, two of them are non-executive directors including the chairman of the audit committee.
16. The meetings of the audit committee were held at least once every quarter prior to the approval of interim and final results of the Company and as required by the Code. The terms of reference to the committee have been formed and advised to the committee for compliance.
17. The Board has set-up and effective Inter Audit function. The Internal Audit of function reports directly to the Audit Committee.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied with.



Dewan Muhammad Yousuf Farooqui
Chief Executive Officer & Chairman

Date: September 30, 2011
Place: Karachi



222-A, Karachi, Mem on Telephone : (021) 4301966
 Cooperative Housing Society, (021) 4301967
 Justice Inamullah Road, (021) 4301968
 Near Hill Park, Karachi-74800 (021) 4301969
 E-mail: faac@cyber.net.pk Fax : (021) 4301965

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Dewan Automotive Engineering Limited** ('the Company') to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii a) of Listing Regulation No. 35 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transaction which are not executed at arm's length price recording proper justifications for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2011.

Engagement partner: S. Fasih us Zaman

Date: September 30, 2011
 Place: Karachi

CHARTERED ACCOUNTANTS



222-A, Karachi, Memon Telephone : (021) 4301966
Cooperative Housing Society, (021) 4301967
Justice Inamullah Road, (021) 4301968
Near Hill Park, Karachi-74800 (021) 4301969
E-mail: faac@cyber.net.pk Fax : (021) 4301965

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **DEWAN AUTOMOTIVE ENGINEERING LIMITED** as at June 30, 2011 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) The financial statements of the company have been prepared on going concern basis despite of the fact that the company incurred a net loss after taxation amounting to Rs. 208.072 million during the year ended June 30, 2011 and as of that date its accumulated losses of Rs.2.041 billion have resulted in net capital deficiency of Rs.1.650 billion and its current liabilities exceeded its total assets by Rs. 784.501 million and operations of the company are almost closed. Furthermore, during the 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 certain financial institution have gone into litigation for recovery of liabilities (refer note 23.1). 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. These conditions lead us to believe that the going concern assumption used in preparation of these financial statements is inappropriate; consequently the assets and liabilities should have been stated at their realizable and settlement amounts respectively.
- b) The company has not made provision of markup for the year amounting to Rs. 16.117 million (Up to June 30, 2010: Rs.21.832 million) (refer note 27.1) on account of restructuring proposal offered to the lenders as described in note 2 to the financial statements. Non-provisioning of markup is based on management's hope that the restructuring proposal will be accepted by lenders in the proposed manner. In our opinion, since the proposal has not been accepted by the lenders so far and the lenders, instead of accepting the restructuring proposal, have preferred filing suits against the company, therefore the provision of markup should be made in these financial statements. Had the provision of markup been made in the financial statements, the loss after taxation would have been higher by Rs.16.117 million and markup payable would have been higher and shareholders' equity would have been lower by Rs.37.949 million.



- c) The liability for staff retirement benefits reflected in these financial statements to the extent of Rs.14.158 million is not based on actuarial valuation as required by the International Accounting Standard 19 'Employee Benefits' as actuarial valuation of the same has not been carried out during the year and accordingly the related disclosures cannot be given. In the absence of actuarial valuation, we are unable to quantify the financial effect that may have on these financial statements.
- d) Stocks in trade includes stocks amounting to Rs.138.678 million which are slow moving against which provision to the extent of Rs.11.582 million has been made in these financial statements. Since the production is continuously decreasing, therefore further provision for slow moving stocks should be made in these financial statements. Had the provision been made the loss for the year would have been higher by 127.096 million.
- e) In our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- f) in our opinion:
- i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
- ii) the expenditure incurred during the year was for the purpose of the company's business; and
- iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- g) in our opinion and to the best of our information and according to the explanations given to us, because of significance of the matters discussed in para (a) coupled with the financial effect of matter discussed in (b) to (d) above, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof do not conform with approved accounting standards as applicable in Pakistan, and, do not give the information required by the Companies Ordinance, 1984, in the manner so required and respectively do not give a true and fair view of the state of the company's affairs as at June 30, 2011 and of the Loss, its cash flows and changes in equity for the year then ended; and
- h) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Engagement partner: S. Fasih us Zaman

Date: September 30, 2011
Place: Karachi

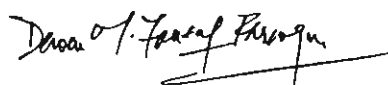
F&Co.

CHARTERED ACCOUNTANTS

BALANCE SHEET AS AT JUNE 30, 2011

ASSETS	NOTE	2011	2010
Rupees in '000			
NON - CURRENT ASSETS			
Property, plant and equipment	4	461,228	559,071
Intangible	5	9,296	18,591
Deferred cost	6	773	966
Long term deposits		348	1,938
CURRENT ASSETS			
Stock in trade	7	156,429	182,426
Trade debts - Considered good	8	12,824	22,459
Advances - Considered good	9	9,991	16,627
Short term prepayments and other receivables	10	53,709	57,672
Advance income tax		57,924	57,696
Available for sale investments - At fair value	11	63,218	64,340
Cash and bank balances	12	724	1,154
		354,819	402,374
Non current assets held for sale	13	40,000	40,000
		866,464	1,022,940
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	14	214,000	214,000
Reserves - Net	15	177,062	178,184
Accumulated loss		(2,040,626)	(1,838,146)
		(1,649,564)	(1,445,962)
Surplus on revaluation of property, plant and equipment	16	85,355	148,947
NON - CURRENT LIABILITIES			
Subordinated loan - Unsecured	17	722,552	722,552
Deferred liabilities - Staff gratuity	18	14,158	10,799
Deferred taxation	19	42,998	46,011
CURRENT LIABILITIES			
Trade and other payables	20	423,725	399,002
Markup accrued		397,554	283,107
Short term finance	21	742,570	771,368
Provision for taxation		38,616	38,616
Overdue portion of loans - Secured	22	48,500	48,500
		1,650,965	1,540,593
CONTINGENCIES	23	--	--
		866,464	1,022,940

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



Dewan Muhammad Yousuf Farooqui
Chief Executive Officer & Chairman



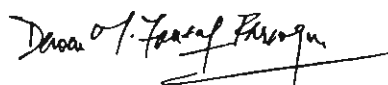
Haroon Iqbal
Director

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2011

	NOTE	2011	2010
		Rupees in '000	
Sales - Net	24	12,465	121,422
Cost of sales	24	<u>71,096</u>	<u>162,765</u>
Gross loss		(58,631)	(41,343)
OPERATING EXPENSES			
Distribution expenses	25	<u>3,030</u>	<u>16,195</u>
Administrative expenses	26	<u>34,970</u>	<u>36,032</u>
Finance cost	27	<u>114,460</u>	<u>112,644</u>
		152,460	164,871
OPERATING LOSS		(211,091)	(206,214)
Other income	28	<u>6</u>	<u>305</u>
Other charges	29	<u>--</u>	<u>(311,666)</u>
		6	(311,361)
Loss before taxation		(211,085)	(517,575)
Taxation			
Deferred		<u>(3,013)</u>	<u>(3,252)</u>
Current	30	<u>--</u>	<u>607</u>
		(3,013)	(2,645)
Loss after taxation		(208,072)	(514,930)
Other comprehensive income for the year:			
Changes in fair values of available for sale financial asset		(1,122)	--
Effect of impairment in investment carried directly in equity		--	273,137
Transfer from surplus on revaluation of fixed assets in respect of - incremental depreciation		<u>8,604</u>	<u>9,294</u>
Related deferred tax		<u>(3,012)</u>	<u>(3,252)</u>
		5,592	6,042
Total comprehensive loss for the year		(203,602)	(235,751)
Loss per share - Basic and diluted	(Rupees) 31	(9.72)	(24.06)

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



Dewan Muhammad Yousuf Farooqui
Chief Executive Officer & Chairman



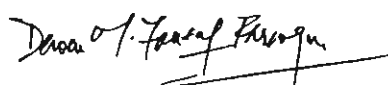
Haroon Iqbal
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2011

	2011	2010
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(211,085)	(517,575)
Adjustment for non cash charges and other items		
Depreciation	40,350	44,875
Gain on sale on property, plant and equipment	--	(288)
Impairment in value of investment	--	311,666
Provision for gratuity - Net	3,359	(226)
Amortization of deferred cost and intangibles	9,488	9,488
Finance cost	114,460	112,644
Cash outflow before working capital changes	(43,428)	(39,416)
Working capital changes		
<i>(increase)/decrease in current assets</i>		
Stores and spares	--	148
Stock in trade	25,997	60,190
Trade debts	9,635	2,110
Advances - Considered good	6,636	3,935
Short term prepayments and other receivables	3,963	6,348
	46,231	72,731
<i>Increase/(decrease) in current liabilities</i>		
Trade and other payables	24,723	(30,500)
	70,954	42,231
Cash generated from operations	27,526	2,815
Long term deposits	1,590	--
Finance cost paid	(13)	(15,439)
Income tax -Net	(228)	(1,676)
Net cash inflow / (outflow) from operating activities	28,875	(14,300)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(507)	(72)
Sale proceeds of property, plant and equipment	--	1,010
Net cash (outflow) / inflow from investing activities	(507)	938
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term finance	(28,798)	8,534
Net cash (outflow) / inflow from financing activities	(28,798)	8,534
Net (decrease) in cash and cash equivalents	(430)	(4,828)
Cash and cash equivalents at the beginning of the year	1,154	5,982
Cash and cash equivalents at the end of the Period	724	1,154

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



Dewan Muhammad Yousuf Farooqui
Chief Executive Officer & Chairman



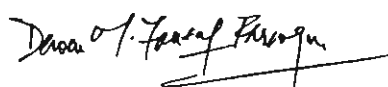
Haroon Iqbal
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2011

	Issued, Subscribed and Paid- up Capital	Capital Reserves			Revenue reserves		Total Rupees
		Merger reserve	Unrealized (loss) due to change in fair value of Investments	Settlement claim from Ford Motors (Note 15.2)	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 year	--	--	273,137	--	--	(508,888)	(235,751)
Balance as at June 30, 2010	214,000	82,090	--	86,194	9,900	(1,838,146)	(1,445,962)
Total comprehensive loss for the year	--	--	(1,122)	--	--	(202,480)	(203,602)
Balance as at June 30, 2011	214,000	82,090	(1,122)	86,194	9,900	(2,040,626)	(1,649,564)

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



Dewan Muhammad Yousuf Farooqui
Chief Executive Officer & Chairman



Haroon Iqbal
Director

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2011

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 Dewan Mushtaq Group in April 2004.

2 GOING CONCERN ASSUMPTION

The company incurred a net loss of Rs. 208.072 million (2010: Rs. 514.930 million) during the year ended June 30, 2011, and, as of that date it has accumulated losses of Rs. 2040.626 million (2010: Rs. 1,838.146 million) which have resulted in negative equity of Rs. 1649.564 million (2010: Rs. 1,445.962 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. therefore the company may not be able to realize its assets and discharge its liabilities in normal course of business.

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 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:

- 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, these financial statements have been prepared on a going concern basis.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan with the exception of departure of IFRS as mentioned in 27.1 to the financial statements, for which the management concludes that provisioning of markup would conflict with the objective of financial statements. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984 provision of and directives issued under the Companies Ordinance, 1984. In case requirement differ, the provisions of and directives of the Companies Ordinance, 1984 shall prevail.

Standard and interpretations that become effective during the year

During the year certain amendments to Standards and new interpretations became effective however they did not have any material effect on the financial statements of the Company.

Standards and interpretations issued but not yet effective for the current financial year

The following standards, amendments and interpretations of approved accounting standards are only effective for annual periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements, other than increased disclosures in certain cases:

	Effective for period beginning on or after
IAS 1 - Presentation of Items of Other Comprehensive Income	July 01, 2012
IAS 19 - Employee Benefits (amended 2011)	January 01, 2013
IAS 24 - Related Party Disclosures (revised 2009)	January 01, 2011
IFRS 7 - Disclosures - Transfers of Financial Assets (Amendments)	July 01, 2011
IFRS 7 - Financial Instruments: Disclosures	January 01, 2011
IFRIC 14 - Prepayments of a Minimum Funding Requirements (Amendments)	January 01, 2011

3.2 Basis of preparation

These accounts have been prepared under the historical cost convention modified to include the revaluation of land, factory building, plant and machinery and available for sale investments.

The preparation of financial statements 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.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are as follows:

- i) Staff retirement benefits (note no. 3.11 and 18).
- ii) Revaluation of property, plant and equipment (note no. 16).
- iii) Taxation (note no. 3.14 and 30).

3.3 Property, plant and equipment***Owned***

Property, plant and equipment are stated at cost / revalued amounts less accumulated depreciation except for the leasehold land which is stated at revalued amount. Depreciation is charged to income applying the reducing balance method over estimated useful life of the assets. Depreciation on additions is charged from the month the asset is put into use while on disposals upto the month the asset was in use. Depreciation is being charged at the rates given in note 4.1. Incremental depreciation on account of revaluation charged for the year on revalued assets is transferred from surplus on revaluation of property, plant and equipment to accumulated loss.

The assets residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Maintenance and normal repairs are charged to income as and when incurred. Major renewal and improvements are capitalized. Gain or loss, if any, on disposal of property, plant and equipment is included in income currently.

Leased

The company accounts for assets acquired under finance lease by recording the assets and related liability. Assets are recorded at lower of present value of minimum lease payments under the lease agreements and fair value of the assets. The aggregate amounts of obligation relating to these assets are accounted for at net present value of liabilities. Assets acquired under the finance leases are depreciated over the useful life of the respective asset in the manner and at the rates applicable to the company's owned assets. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of change on outstanding liabilities.

3.4 Intangible

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and that the cost of such asset can also be measured reliably.

Software under development are carried at cost. Direct cost include the purchase cost and directly attributable cost of preparing the asset for its intended use.

Intangible asset is amortized from the date such asset is put into use on straight line basis over its useful life.

3.5 Impairment of property, plant and equipment

The company assesses at each balance sheet date whether there is any indication that a tangible fixed asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds recoverable amount, assets are written down to the recoverable amount.

3.6 Deferred costs

These are amortized on a straight line basis over a period of ten years, starting from the year in which company has commenced the commercial operations.

3.7 Stores, spares and stock in trade

These are valued at lower of cost and net realizable value. The cost is determined as follows:

Stores and spares	Average cost
Stock in trade:	
Raw material	Average cost
Goods in transit	Cost comprising invoice values plus other charges incurred thereon.
Work in process	Prime cost plus appropriate portion of manufacturing overheads.
Finished goods	Average cost

Net realizable value signifies the estimated selling price in ordinary course of business less cost necessary to be incurred to make the sale.

3.8 Trade and other receivables

Trade debts originated by the company are recognized and carried at original invoice amount less an allowance for any uncollectible amounts, if any. An estimate for doubtful debts is made when collection of amount is no longer probable. Bad debts are written off when they are no longer recoverable.

Other receivables are recognized and carried at cost.

3.9 Investments

Investments classified as available for sale are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are re-measured at fair values (quoted market price), unless fair value cannot be reliably measured, in such case the investments are measured at cost. Gains and losses on re-measurement to fair value are recognized directly in equity through the statement of changes in equity.

3.10 Cash and cash equivalents

Cash in hand and at banks are carried at cost. For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand and at banks.

3.11 Staff retirement benefits

The Company operates an un-funded gratuity scheme covering all employees according to the terms of employment, payable on cessation of employment, subject to a minimum qualifying period of service. Provisions are made on the basis of actuarial recommendations and actuarial valuations are carried out using the projected unit credit method.

The unrecognized actuarial gains or losses at each valuation date are amortized over the average remaining working lives of the employees in excess of 10% of the present value of the defined benefit obligation.

3.12 Deferred income

Deferred income arising out of sale and lease back transactions is amortized over the period of lease term.

3.13 Trade and other payables

Liabilities for trade and other amounts payable are recognized and carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

3.14 Taxation*Current*

Provision for current taxation is based on current rates of tax after taking into account tax credits and rebates available, if any.

Deferred

Deferred tax is accounted for, using the balance sheet liability method in respect of all temporary differences arising from the differences between the carrying amount of assets and liability in the financial statements and the corresponding tax basis used in the computation of the taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future tax profits will be available against which the temporary differences can be utilized.

3.15 Financial instruments

All the financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Any gain or loss on derecognition of the financial assets and financial liabilities are taken to profit and loss account currently.

3.16 Off setting of financial assets and liabilities

A financial asset and a financial liability are offset and the net amount is reported in the balance sheet if the company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.17 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

3.18 Foreign currency translation

Transactions in foreign currencies are recorded using the rates of exchange ruling at the date of transaction.

Assets and liabilities in foreign currencies, if any, are translated into rupees at the exchange rates prevailing on the balance sheet date except where forward exchange contracts have been entered into in which case the rates contracted for are used.

3.19 Related party transactions

All transactions with related parties are based on the policy that all transactions between the company and the related parties are carried out at arm's length basis.

3.20 Revenue recognition

Sales are recognized as revenue when goods are invoiced to customers.

3.21 Non current assets held for sale

Non current assets classified as held for sale are measured at the lower of their carrying amounts and fair value less cost to sell.

3.22 Warranties

Warranty expenses are recognized as and when claims are received.

3.23 Borrowings costs

Borrowing costs are recognized as an expense in the period in which these are incurred, except to the extent that these are directly attributable to the construction of qualifying assets in which case these are capitalized as part of the cost of that asset.

		2011	2010
		Rupees in '000	
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - At cost less accumulated depreciation	4.1	460,549	558,392
Capital work in Progress - At cost	4.5	679	679
		461,228	559,071

4.1 Operating fixed assets - At cost / revaluation less accumulated depreciation

PARTICULARS	2011												Book Value As at June 30 2011
	COST / REVALUATION						Rate %	DEPRECIATION					
	As at July 01 2010	Additions	(Deletions)	Adjustment	Revaluation	As at June 30 2011		As at July 01 2010	On disposals	For the year	Adjustment	As at June 30 2011	
	Rupees in '000							Rupees in '000					
Freehold land	1,800	--	--	--	--	1,800	--	--	--	--	--	--	1,800
Factory building on free hold land													
Cost	122,502	--	--	--	--	122,502	5 to 10	12,867	--	5,481	--	18,348	104,154
Revaluation	101,499	--	--	--	--	101,499	5	10,660	--	4,542	--	15,202	86,297
Lease hold land													
Cost	16,097	--	--	--	--	16,097	--	--	--	--	--	--	16,097
Revaluation	62,903	--	--	--	(58,000)	4,903	--	--	--	--	--	--	4,903
Factory Building on leasehold land													
Cost	--	--	--	--	--	--	10	--	--	--	--	--	--
Revaluation	--	--	--	--	--	--	10	--	--	--	--	--	--
Plant and machinery													
Cost	227,931	435	--	--	--	228,366	10	46,374	--	18,199	--	64,573	163,793
Revaluation	50,995	--	--	--	--	50,995	10	10,378	--	4,061	--	14,439	36,556
Computer and Allied	3,293	--	--	--	--	3,293	10 to 30	2,699	--	120	--	2,819	474
Furniture & Office Equipments	31,334	--	--	--	--	31,334	10	14,877	--	1,645	--	16,522	14,812
Motor Vehicle													
Owned	68,852	72	--	--	--	68,924	20	43,888	--	5,006	--	48,894	20,030
Leased	--	--	--	--	--	--	20	--	--	--	--	--	--
Tools and equipments	11,104	--	--	--	--	11,104	10	5,140	--	597	--	5,737	5,367
Refrigerators and air conditioners	1,506	--	--	--	--	1,506	10	1,009	--	50	--	1,059	447
Electrical appliances	318	--	--	--	--	318	10	125	--	19	--	144	174
Jigs and Fixtures	735	--	--	--	--	735	10	470	--	27	--	497	238
Electrical fittings	6,494	--	--	--	--	6,494	10	2,056	--	444	--	2,500	3,994
Dies	4,205	--	--	--	--	4,205	10	2,648	--	156	--	2,804	1,401
Patterns	112	--	--	--	--	112	20	97	--	3	--	100	12
Total - 2011	711,680	507	--	--	(58,000)	654,187		153,288	--	40,350	--	193,638	460,549

PARTICULARS	2010												Book Value As at June 30 2010
	COST / REVALUATION						Rate %	DEPRECIATION					
	As at July 01 2009	Additions	(Deletions)	Adjustment	Revaluation	As at June 30 2010		As at July 01 2009	On disposals	For the year	Adjustment	As at June 30 2010	
	Rupees in '000							Rupees in '000					
Freehold land	1,800	--	--	--	--	1,800	--	--	--	--	--	--	1,800
Factory building on free hold land													
Cost	122,502	--	--	--	--	122,502	5 to 10	7,096	--	5,771	--	12,867	109,635
Revaluation	101,499	--	--	--	--	101,499	5	5,879	--	4,781	--	10,660	90,839
Lease hold land													
Cost	16,097	--	--	--	--	16,097	--	--	--	--	--	--	16,097
Revaluation	62,903	--	--	--	--	62,903	--	--	--	--	--	--	62,903
Factory Building on leasehold land													
Cost	--	--	--	--	--	--	10	--	--	--	--	--	--
Revaluation	--	--	--	--	--	--	10	--	--	--	--	--	--
Plant and machinery													
Cost	227,859	72	--	--	--	227,931	10	26,206	--	20,168	--	46,374	181,557
Revaluation	50,995	--	--	--	--	50,995	10	5,864	--	4,514	--	10,378	40,617
Computer and Allied	3,293	--	--	--	--	3,293	10 to 30	2,536	--	163	--	2,699	594
Furniture & Office Equipments	31,344	--	(10)	--	--	31,334	10	13,053	(3)	1,827	--	14,877	16,457
Motor Vehicle													
Owned	71,059	--	(2,207)	--	--	68,852	20	39,169	(1,492)	6,211	--	43,888	24,964
Leased	--	--	--	--	--	--	20	--	--	--	--	--	--
Tools and equipments	11,104	--	--	--	--	11,104	10	4,477	--	663	--	5,140	5,964
Refrigerator and air conditioners	1,506	--	--	--	--	1,506	10	954	--	55	--	1,009	497
Electrical appliances	318	--	--	--	--	318	10	103	--	22	--	125	193
Jigs and Fixtures	735	--	--	--	--	735	10	440	--	30	--	470	265
Electrical fittings	6,494	--	--	--	--	6,494	10	1,563	--	493	--	2,056	4,438
Dies	4,205	--	--	--	--	4,205	10	2,475	--	173	--	2,648	1,557
Patterns	112	--	--	--	--	112	20	93	--	4	--	97	15
Total - 2010	713,825	72	(2,217)	--	--	711,680		109,908	(1,495)	44,875	--	153,288	558,392

	Notes	2011	2010
Rupees in '000			
4.2 Depreciation for the year has been allocated as follows:			
Cost of sales		37,929	42,183
Distribution expenses		807	898
Administrative expenses		1,614	1,794
		<u>40,350</u>	<u>44,875</u>
4.3 During the period leasehold land of the company was revalued resulting in decline in carrying amount of land by Rs.58 million. The said decline has been adjusted against existing surplus of the same land.			
4.4 During the last year Land and building of the company situated at Hub Industrial Estate was sold to M/s. My Bank Limited against liabilities payable to the bank as consideration for the same. The company will retain the possession of properties and has the option to repurchase these properties from the bank within two years at the same consideration.			
<p>The Company, along with two of its associated companies, has filed a suit against the bank for declaration, permanent injunction and specific performance of Memorandum of Understanding dated December 04, 2008 signed between the bank and the company whereby it was agreed that the bank will rollover the existing facilities of the company against transfer of immovable properties with a buy back option. The company transferred its properties to the bank and liabilities were duly adjusted, however, the bank did not rollover the facilities. The matter is pending before Honorable High Court of Sindh at Karachi and next hearing has been fixed on October 14, 2010.</p>			
4.5 Capital work in Progress - At cost			
Civil works		145	145
Plant and machinery		534	534
		<u>679</u>	<u>679</u>
5 INTANGIBLE			
Computer software:			
Opening Balance		18,591	27,886
Amortization for the year	26	(9,295)	(9,295)
		<u>9,296</u>	<u>18,591</u>
5.1 Computer software is being amortized over its useful life of five years on straight line basis.			
6 DEFERRED COST			
Preliminary expenses		966	1,159
Amortization for the year	26	(193)	(193)
		<u>773</u>	<u>966</u>

	Notes	2011	2010
Rupees in '000			
7 STOCK IN TRADE			
Raw materials and components		124,442	129,428
Provision for slow moving and obsolescence		(6,915)	--
		117,527	129,428
Work in process		5,834	9,402
Finished goods			
Manufacturing stock		7,472	13,328
Trading stock		30,263	30,268
Less: provision for slow moving and obsolescence		(4,667)	--
		25,596	30,268
		156,429	182,426
8 TRADE DEBTS - Considered good			
Considered good		12,824	22,459
Considered doubtful		1,739	1,739
		14,563	24,198
Less: Provision for doubtful debts		1,739	1,739
		12,824	22,459
9 ADVANCES - Considered good			
Employees		5,037	4,996
Suppliers and contractors		2,844	6,817
Other advances		2,110	4,814
		9,991	16,627
10 SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES			
Prepayments		516	516
Sales Tax		16,008	16,008
Other receivables	10	31,438	32,471
Deposits		5,747	8,677
		53,709	57,672

10.1 Includes Rs.29.953 (2010: Rs,29.953) million receivable from My bank Limited against the property sold as disclosed in note 4.4 to the financial statements.

	Notes	2011	2010
		Rupees in '000	
11 AVAILABLE FOR SALE INVESTMENTS - At fair value			
In associated companies:			
Dewan Cement Limited (DCL)			
37,407,000 (2010: 37,407,000) Ordinary shares of Rs.10/- each @17.35			
Market value per share Rs.1.69 (2010 : Rs.1.72)		649,142	649,142
Accumulated impairment		(584,802)	(584,802)
Unrealized loss due to changes in fair values		(1,122)	--
		<u>63,218</u>	<u>64,340</u>
Percentage of equity held		<u>10.47%</u>	<u>10.47%</u>
12 CASH AND BANK BALANCES			
Cash at banks - In current accounts		602	1,062
Cash in hand		122	92
		<u>724</u>	<u>1,154</u>
13 NON CURRENT ASSETS HELD OF SALE			
Investment			
Dewan Mushtaq Trade Limited (associated company)			
4,000,000 Ordinary shares of Rs.10/- each		<u>40,000</u>	<u>40,000</u>

The above investment has been classified as held for sale upon management's intention to sell the same within next accounting cycle in the manner to be deemed appropriate, equitable, fit and beneficial to the interests of the company.

14 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2011	2010	2011	2010
	No. of Shares		Rupees in '000	
<i>Ordinary shares of Rs. 10/- each issued as fully paid in cash</i>				
20,535,871	20,535,871		205,359	205,359
<i>Ordinary shares of Rs. 10/- each issued as fully paid bonus shares</i>				
864,129	864,129		8,641	8,641
	<u>21,400,000</u>	<u>21,400,000</u>	<u>214,000</u>	<u>214,000</u>

15 RESERVES - Net

15.1 The detail of capital and revenue reserves has been given in statement of changes in equity.

15.2 Capital reserve on settlement claim from Ford Motors

This reserve arose due to receipt of settlement claim from Ford Motors, as per clause 12(a) of the Compensation agreement between company and Ford Motors dated January 22, 1990.

	Notes	2011	2010
Rupees in '000			
16 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Balance as at July 01		148,947	154,989
Surplus transferred to accumulated loss relating to:			
- assets disposed off during the year - Net of tax		(58,000)	--
- incremental depreciation charged on related assets during the year - Net of tax		(5,592)	(6,042)
		<u>85,355</u>	<u>148,947</u>

Revaluation of land (leasehold and freehold), factory building and plant and machinery was carried out during May 2008 by independent valuers - M/s Asif Associates, Surveyors and Evaluators using the market value being the basis of revaluation which resulted in a revaluation surplus aggregating to Rs.379.671 million was credited to "Surplus on revaluation of property, plant and equipment account". The closing balance of surplus on revaluation of property, plant and equipment is not available for distribution to shareholders.

17 SUBORDINATED LOAN - Unsecured

From related parties

Associated concerns		517,552	517,552
Director		205,000	205,000

17	<u>722,552</u>	<u>722,552</u>
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17.1 The above loan is interest free and unsecured. This loan shall be treated as subordinated to the principal amounts of the long term debt owing to the creditors of the Company from time to time and to all debts of the Company from time to time owing to the banks and financial institutions and accordingly may only be repaid by the Company in whole or in part provided that upon such repayment, the Company shall comply with the debt to equity ratio requirements of the Prudential Regulations of State Bank of Pakistan as applicable to the Company for the time being.

18 DEFERRED LIABILITIES - Staff gratuity

Employees retirements benefits	18	<u>14,158</u>	<u>10,799</u>
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18.1 Movement in the net liability recognized

Opening liability		10,799	11,025
Expenses recognized	18	3,738	3,085
Paid during the year		(379)	(3,311)
	18	<u>14,158</u>	<u>10,799</u>

	Notes	2011	2010
		Rupees in '000	
18.2 Expenses recognized			
Current service cost		2,966	2,448
Interest cost		1,186	979
Actuarial gains		(414)	(342)
		<u>3,738</u>	<u>3,085</u>
18.3 Balance sheet reconciliation			
Present value of defined benefits obligation		9,687	7,389
Actuarial gain to be recognized		4,471	3,410
		<u>14,158</u>	<u>10,799</u>
18.4 Allocation			
Total retirement benefits costs are included in salaries and benefits and allocated as follows:			
Cost of sales		2,019	1,666
Distribution expenses		1,084	895
Administrative expenses		635	524
		<u>3,738</u>	<u>3,085</u>
18.5 Principle actuarial assumptions			
Expected rate of increase in salaries		11% per annum	11% per annum
Discount factor used		12% per annum	12% per annum
Average expected remaining working life time of employees		6 years	6 years
19 DEFERRED TAXATION			
Deferred tax liability arising out of surplus on revaluation of property plant and equipment		<u>42,998</u>	<u>46,011</u>
19.1	Company has not recognized deferred tax asset amounting to Rs.723.363 million arising due to available tax losses and credits since it is not probable that future tax 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.		

	Notes	2011	2010
Rupees in '000			
20 TRADE AND OTHER PAYABLES			
Trade creditors		307,449	291,467
Accrued expenses		49,179	49,451
Advances from dealers		46,669	42,796
Advance from customer		513	562
Corporate asset tax payable		155	155
Withholding tax payable		4,668	4,040
Worker's profit participation fund		145	145
Interest on workers' profit participation fund		47	47
Sales tax payable		1,913	1,514
Others		12,987	8,825
		423,725	399,002
21 SHORT TERM FINANCE			
From banks - Secured			
Short term running finance	21	49,310	49,310
From related party (associated company) - Unsecured			
- interest bearing	21	693,260	693,260
Others			
Temporary book overdraft		--	28,798
		742,570	771,368

21.1 This represents short term bank borrowings are from commercial bank against limit of Rs.50 million at markup rate ranging from 2% over 6 months KIBOR (2010: 2% over 6 months KIBOR) payable quarterly in arrears. The facility is secured by way of first charge over stock in trade and receivables of the company. The facility has not been renewed by the bank, however the company has approached its lenders for restructuring of liabilities as explained in note 2 to the financial statements and further the bank has gone into litigation as more fully explained in note 23.1 to the financial statements.

21.2 This is an unsecured finance from associated company, which carries markup @ 16.50% per annum (2010: 16% per annum).

22 OVERDUE PORTION OF LOANS - Secured

Syndicated loan facilities obtained from various financial institutions, Pak Kuwait Investment Company (Pvt.) Limited, Pak Oman Investment Company (Pvt.) Limited and Saudi Pak Industrial and Agricultural Investment Company (Pvt.) Limited for the purpose of setting up of Automotive Air Conditioner Plant. The loan carries markup @ 6 months KIBOR plus 3.77% (2010: @ 6 months KIBOR plus 3.77%). The loan is repayable in twenty equal quarterly installments of Rs. 5.250 million each commencing from August 30, 2005. The loan is secured by first pari passu charge by way of equitable mortgage, hypothecation and floating charge on present as well as future assets of the company. Pak Oman Investment Company (Pvt.) Limited and Saudi Pak Industrial and Agricultural Investment Company (Pvt.) Limited has gone into litigation as more fully explained in note 23.1 to the financial statements.

23 CONTINGENCIES

23.1 In respect of liabilities towards banks / financial institutions disclosed in note 21.1 and 22 to the financial statements, certain banks / financial institutions have filed suits in Honorable High Court of Sindh at Karachi for recovery of their liabilities through attachment and sale of Company's hypothecated / mortgaged properties. The aggregate suits amount is Rs. 111.491 million. Since the company is in dispute with banks / financial institutions therefore the estimated financial effect of litigations is not being disclosed, as it may have adverse affect on company's position in the suits.

The management has disputed the claim and is strongly contesting the case. The management has filed counter claims alleging that the banks claims are highly exaggerated as they have charged markup on markup and other levies higher than the rate of markup agreed and other charges in violation of State Bank of Pakistan rules and all other applicable laws of Pakistan. The management is hopeful that the decision will be in favor of the company and the base less suits shall be rejected by the concerned courts. Since all the cases are pending before Honorable Courts therefore the ultimate outcome cannot be established at this stage.

23.2 Two appeals were pending before Commissioner Income Tax (Appeals) (CIT) filed by the company against the orders of Taxation Officer for tax demands amounting to Rs. 7.691 million and Rs. 0.385 million. The said appeals have now been decided in favor of company.

24 OPERATING RESULT

	Manufacturing		Trading		Total	
	2011	2010	2011	2010	2011	2010
	Rupees in '000					
Gross sales	14,681	140,584	7	1,332	14,688	141,916
Sales tax	2,119	20,281	--	55	2,119	20,336
Excise duty	104	118	--	--	104	118
Commission	--	40	--	--	--	40
Net sales	12,458	120,145	7	1,277	12,465	121,422
Cost of sales						
Opening stock	13,328	21,529	30,268	30,701	43,596	52,230
Cost of goods manufactured 24.1	65,260	155,063	--	--	65,260	155,063
Purchases	--	--	--	--	--	--
Inter transfer	(25)	(3)	--	3	(25)	--
Issue - Warranty	--	(932)	--	--	--	(932)
Closing stock	(7,472)	(13,328)	(30,263)	(30,268)	(37,735)	(43,596)
	71,091	162,329	5	436	71,096	162,765
Gross loss	(58,633)	(42,184)	2	841	(58,631)	(41,343)
Distribution expenses	3,030	15,208	--	987	3,030	16,195
Administrative expenses	34,970	30,332	--	5,700	34,970	36,032
Finance cost	114,460	96,486	--	16,158	114,460	112,644
	152,460	142,026	--	22,845	152,460	164,871
Operating loss	(211,093)	(184,210)	2	(22,004)	(211,091)	(206,214)
Other income	6	305	--	--	6	305
Other charges	--	(311,666)	--	--	--	(311,666)
Loss before taxation	(211,087)	(495,571)	2	(22,004)	(211,085)	(517,575)

	Notes	2011	2010
		Rupees in '000	
24.1 COST OF GOODS MANUFACTURED			
Raw materials and parts consumed	24.1.1	13,227	66,911
Salaries, wages and benefits		8,618	27,535
Fuel oil and lubricants		41	937
Traveling and vehicles running		375	587
Insurance		--	891
Rent, rates and taxes		--	2
Communication		78	177
Repairs and maintenance		457	1,053
Consumables		47	221
Generator fuel		72	176
Utilities		18	4,137
Printing, Stationary and office supplies		--	37
Depreciation	4.2	37,929	42,183
Cartage and freight		72	249
Door trim development charges		--	474
Parts painting		5	709
Fee and Subscription		--	126
Loose tools written off including replacement		--	148
Quality institute surcharge		3	--
Security expenses		--	38
Miscellaneous		750	8
		48,465	79,688
Manufacturing cost		61,692	146,599
Work-in-process - Opening		9,402	17,866
Work-in-process - Closing		(5,834)	(9,402)
		3,568	8,464
Cost of goods manufactured		65,260	155,063
24.1.1 Raw materials and parts consumed			
Opening stock		129,428	162,914
Purchases		8,241	33,425
		137,669	196,339
Closing stock		124,442	129,428
		124,442	129,428
		13,227	66,911

	Notes	2011	2010
Rupees in '000			
25 DISTRIBUTION EXPENSES			
Salaries and benefits		972	4,961
Traveling and vehicles running		332	883
Insurance		--	65
Communication		43	162
Repair and maintenance		--	84
Utilities		--	113
Depreciation	4.2	807	898
Rent, rates and taxes		--	203
Printing, stationery and office supplies		--	13
Entertainment		--	7
Advertisement		30	89
Sales promotion expenses		514	6,397
After sales service		--	147
Security expenses		--	19
Transportation expenses		332	2,151
Miscellaneous		--	3
		3,030	16,195
26 ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits		8,931	11,880
Traveling and vehicles running		869	2,817
Fees and subscription		474	314
Insurance		8	3,039
Rent, rates and taxes		--	1,352
Communication		339	593
Repairs and maintenance		84	1,196
Utilities		163	450
Printing, stationary and office supplies		176	350
Entertainment		31	71
Legal and professional		68	612
Auditor's remuneration	26	450	450
Depreciation	4.2	1,614	1,794
Amortization of intangible asset	5	9,295	9,295
Amortization of deferred cost	6	193	193
Security expenses		359	1,442
Miscellaneous		334	184
Provision for slow moving and obsolete stock		11,582	--
		34,970	36,032

	Notes	2011	2010
		Rupees in '000	
26.1 Auditor's remuneration			
Audit fee		300	300
Review reports		150	150
		<u>450</u>	<u>450</u>
27 FINANCE COST			
Markup on borrowings from related parties		114,446	112,455
Bank charges		14	189
		<u>114,460</u>	<u>112,644</u>
27.1	Company has not made the provision of markup for the year amounting to Rs.16.117 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 2. Management is hopeful that the restructuring proposal will be accepted by the lenders.Had the provision been made the loss for the year would have been higher by Rs.16.117 millions and accrued markup would have been higher and shareholders' equity would have been lower by Rs.37.949 million. The said non provisioning is departure from the requirements of IAS-23 'Borrowing Costs"		
28 OTHER INCOME			
Gain on sale of property, plant and equipment		--	288
Profit on bank deposit		6	17
		<u>6</u>	<u>305</u>
29 OTHER CHARGES			
Impairment in value of investment		--	311,666
		<u>--</u>	<u>311,666</u>
30 TAXATION - Current			
The income tax assessments of the Company deemed to have been finalized upto and including Tax year 2010.			
30.1 Relationship between accounting loss and tax expense for the year			
Since the provision for current taxation is based on minimum tax payable U/s. 113 of the Income Tax Ordinance, 2001 therefore numerical reconciliation between accounting loss and tax expense cannot be given.			

2011 2010
Rupees in '000

31 LOSS PER SHARE - Basic and diluted

There is no dilutive effect on loss per share of the company which is based on:

Loss after taxation	<u>(208,072)</u>	<u>(514,930)</u>
	Number of shares	
Number of ordinary shares issued and Subscribed at the end of the year	<u>21,400,000</u>	<u>21,400,000</u>
Loss per share - Basic and diluted	(Rupees) <u>(9.72)</u>	<u>(24.06)</u>

32 REMUNERATION OF DIRECTORS AND EXECUTIVES

	2011				2010			
	Director	Chief Executive	Executives	Total	Director	Chief Executive	Executives	Total
	Rupees in '000							
Managerial remuneration	-	-	4,159	4,159	--	--	8,318	8,318
House rent	-	-	1,871	1,871	--	--	3,743	3,743
Utilities	-	-	416	416	--	--	832	832
	-	-	<u>6,446</u>	<u>6,446</u>	--	--	<u>12,893</u>	<u>12,893</u>
Number of persons	-	-	<u>9</u>	<u>9</u>	--	--	<u>18</u>	<u>18</u>

In addition to above certain executives have been provided with free use of the company's maintained cars.

33 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise group companies, associated undertakings, directors and key management personnel. Remuneration and benefits to key management personnel under terms of their employment are disclosed in note 32 to the accounts. Transaction with related parties, other than those which have been specifically disclosed elsewhere in these financial statements, are as follows: -

Associated companies:

Sales	2,663	17,063
Purchase of other assets	--	224
Markup expense	114,446	112,455

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

	2011	2010
	Numbers	
34 PLANT CAPACITY AND PRODUCTION		
Tractors:		
Sanctioned plant capacity	6,000	6,000
Actual production	NIL	NIL
Motorcycles:		
Annual capacity	60,000	60,000
Actual production	110	2,707

Auto parts and other related products:

The company manufactures various types and sizes of automotive parts to be used in various types of vehicles including motorcycles. Keeping in view the demand by its customers, the production capacity for the auto parts and other related products cannot be determined.

The production for the year remained low due to low demand and non availability or short supply of certain components/raw material from local vendors and working capital constraints.

35 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

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

35.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The company's credit risk is primary attributable to its receivables and balances with banks.

The carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

Trade debts	12,824	22,459
Deposits, loans and other receivables	53,541	59,094
Bank balances	602	1,062
	<u>66,967</u>	<u>82,615</u>

The company manages credit risk of receivables through the monitoring of credit exposures and continuous assessment of credit worthiness of its customers. The company believes that it is not exposed to any major concentration of credit risk as it operates in an essential products industry, its customers are credit worthy and dealing banks possess good credit ratings.

35.2 Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements. The following are the contractual maturities of the financial liabilities, including estimated markups:

	Carrying	Contractual	Six months	Six to twelve	One to	Two to
	Amounts	Cash flows	or less	months	two years	five years
2011	Rupees in '000					
Financial liabilities						
Subordinated loan	722,552	722,552	--	--	--	722,552
Trade and other payables	423,725	423,725	423,725	--	--	--
Accrued markup	397,554	397,554	397,554	--	--	--
Short term finance	742,570	804,192	804,192	--	--	--
Overdue portion of loans	48,500	52,358	52,358	--	--	--
	<u>2,334,901</u>	<u>2,400,381</u>	<u>1,677,829</u>	--	--	<u>722,552</u>
2010						
Financial liabilities						
Subordinated loan	722,552	722,552	--	--	--	722,552
Trade and other payables	399,002	399,002	399,002	--	--	--
Accrued markup	283,107	283,107	283,107	--	--	--
Short term finance	771,368	797,356	797,356	--	--	--
Overdue portion of loans	48,500	51,508	51,508	--	--	--
	<u>2,224,529</u>	<u>2,253,525</u>	<u>1,530,973</u>	--	--	<u>722,552</u>

All the financial liabilities of the company are non derivative financial liabilities. The contractual cash flows relating to the above financial liabilities have been determined on the basis of markup rates effect as at June 30.

35.3 Market Risk

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of financial instruments. The company's financial instruments are in its functional currency therefore it is not exposed to currency risk, however the company's exposure to interest rate risk is as follows:

Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. The company's exposure to the risk of changes in interest rates relates primarily to the following:

	2011	2010
Variable rate instruments at carrying amounts:		
Financial liabilities		
Overdue portion of loans	48,500	48,500
Short term finance	742,570	742,570
	<u>791,070</u>	<u>791,070</u>

Fair value sensitivity analysis for fixed rate instruments:

The company does not account for any fixed rate financial assets at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments:

A change of 100 basis points in interest rates at the reporting date would have increased / decreased loss/profit for the year by the amounts shown below:

	2011	2010
	Rupees in '000	
Effect on loss / profit due to change of 100 BPs		
Increase	<u>6,933</u>	<u>5,399</u>
Decrease	<u>(6,933)</u>	<u>(5,399)</u>

35.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction. The carrying values of financial instruments reflected in these financial statements approximate their fair values.

35.5 Capital risk management

The company's prime objective when managing capital is to safe guard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital

36 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were approved by the board of directors and authorized for issue on September 30, 2011

37 GENERAL

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



Dewan Muhammad Yousuf Farooqui
Chief Executive Officer & Chairman



Haroon Iqbal
Director

THE COMPANIES ORDINANCE, 1984

FORM 34

(Section 236(1) and 464)

PATTERN OF SHAREHOLDING

1. Incorporation Number **0009414**
2. Name of the Company **DEWAN AUTOMOTIVE ENGINEERING LIMITED**
3. Pattern of holding of the shares held by the Shareholders as at **3 0 0 6 2 0 1 1**

Number of Shareholders	Shareholdings				Total Shares held
404	1	-	100	Shares	31,427
435	101	-	500	Shares	119,529
112	501	-	1,000	Shares	99,837
174	1,001	-	5,000	Shares	473,330
49	5,001	-	10,000	Shares	393,128
10	10,001	-	15,000	Shares	128,734
7	15,001	-	20,000	Shares	127,010
10	20,001	-	25,000	Shares	235,172
3	25,001	-	30,000	Shares	80,004
3	30,001	-	35,000	Shares	94,451
3	35,001	-	40,000	Shares	116,276
1	40,001	-	45,000	Shares	41,800
3	45,001	-	50,000	Shares	145,200
3	50,001	-	55,000	Shares	153,833
2	55,001	-	60,000	Shares	118,476
1	60,001	-	65,000	Shares	60,500
1	65,001	-	115,000	Shares	110,450
2	115,001	-	150,000	Shares	300,000
1	150,001	-	160,000	Shares	159,590
1	160,001	-	265,000	Shares	262,815
3	265,001	-	285,000	Shares	846,000
1	285,001	-	410,000	Shares	409,500
1	410,001	-	460,000	Shares	457,400
1	460,001	-	545,000	Shares	545,000
1	545,001	-	550,000	Shares	546,000
1	550,001	-	695,000	Shares	691,094
3	695,001	-	1,280,000	Shares	3,835,911
1	1,280,001	-	2,370,000	Shares	2,368,637
1	2,370,001	-	3,705,000	Shares	3,702,637
1	3,705,001	-	4,750,000	Shares	4,746,259
1239	TOTAL				21,400,000

Categories of Shareholders	Shares held	Percentage
5.1 Directors, Chief Executive Officer, their spouses and minor children	9,082,048	42.44%
5.2 Associated Companies, undertakings and related parties	4,746,259	22.18%
5.3 NIT and ICP	56,600	0.26%
5.4 Banks, Development Financial Institutions, Non-Banking Finance Companies	60,500	0.28%
5.5 Insurance Companies	74,033	0.35%
5.6 Modarabas and Mutual Funds	-	0.00%
5.7 Shareholders holding 10%	10,817,533	50.55%
5.8 General Public		
a. Local	6,603,635	30.86%
b. Foreign	7,536	0.04%

Srl #	Categories of Shareholders	Number of Shareholders	Number of Shares held	% of Shareholding
1.	Associated Companies	3	156,433,140	42.70%
2.	NIT and ICP	6	9,401,528	2.57%
3.	Directors, CEO, their Spouses & Minor Children	6	21,406,781	5.84%
4.	Executives	3	1,500	0.00%
5.	Public Sector Companies & Corporations	124	52,786,987	14.41%
6.	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarbas & Mutual Funds	129	4,960,783	1.35%
7.	Individuals	21,516	121,330,365	33.12%
TOTAL		21,787	366,321,084	100.00%

DETAILS OF CATAGORIES OF SHAREHOLDERS				
Srl #	Names	Number of Shareholders	Number of Shares held	% of Shareholding
1. Associated Companies				
1.1	Dewan Textile Mills Limited	1	104,288,773	28.47%
1.2	Dewan Khalid Textile Mills Limited	1	32,279,849	8.81%
1.3	Dewan Mushtaq Textile Mills Limited	1	19,864,518	5.42%
		3	156,433,140	42.70%
2. NIT and ICP				
2.1	National Bank of Pakistan, Trustee Department NI(U)T Fund	1	5,959,723	1.63%
2.2	National Bank of Pakistan	1	3,289,182	0.90%
2.3	National Investment Trust Limited	1	148,511	0.04%
2.4	Investment Corporation of Pakistan	1	2,401	0.00%
2.5	National Bank of Pakistan, Trustee Department	1	1,611	0.00%
2.6	IDBP (ICP UNIT)	1	100	0.00%
		6	9,401,528	2.57%
3. Directors, CEO, their Spouses & Minor Children				
Directors and CEO				
3.1	Dewan Muhammad Yousuf Farooqui	1	12,523,816	3.42%
3.2	Dewan Asim Mushfiq Farooqui	1	3,061,955	0.84%
3.3	Dewan Abdullah Almed Farooqui	1	2,587,713	0.71%
3.4	Dewan Abdul Baqi Farooqui	1	2,600,133	0.71%
3.5	Mr. Haroon Iqbal	1	500	0.00%
3.6	Mr. Mansoor ul Haq	1	500	0.00%
3.7	Mr. Aziz ul Haque	1	500	0.00%
		7	20,775,117	5.67%
Spouses of Directors and CEO				
3.8	Mrs. Heena Yousuf	1	384,867	0.11%
		1	384,867	0.11%
Minor Children of Directors and CEO				
3.9	Miss Yunna Yousuf	1	248,297	0.07%
		1	248,297	0.07%

SHAREHOLDERS HOLDING 10% OR MORE OF THE VOTING SHARES/ INTERESTS IN THE COMPANY				
Srl #	Names	Number of Shareholders	Number of Shares held	% of Shareholding
1	Mitsubishi Corporation	1	40,349,814	11.01%
2	M/s Dewan Textile Mills Limited	1	104,288,773	28.47%

DETAILS OF TRADING IN THE SHARES OF THE COMPANY BY DIRECTORS, CEO, CFO, COMPANY SECRETARY, THEIR SPOUSES AND MINOR CHILDREN				
---	--	--	--	--

During the year under review, none of the CEO, CFO, Directors, Company Secretary, their spouses and minor children have traded in the shares of the Company.

PROXY FORM

The Secretary
Dewan Automotive Engineering Limited
 Karachi.

This form of Proxy duly completed must be deposited at our Shares Registrar Transfer Agent **BMF Consultants Pakistan (Private) Ltd.** Anum Estate Building, Room No. 310 & 311, 3rd Floor, 49, Darul Aman Society, Main Shahrah-e-Faisal, Adjacent Baloch Colony Bridge, Karachi-75350, Pakistan. Not later than 48 hours before the time of holding the meeting A Proxy should also be a member of the Company.

I/We _____ of _____ being a member of **Dewan Automotive Engineering Limited** and holder of _____ Ordinary shares as per Registered Folio No./CDC Participant's ID and Account No _____ hereby appoint _____ of _____ **who is also** member of **Dewan Automotive Engineering Limited** vide Registered Folio No./CDC Participant's ID and Account No. _____ my/our proxy to vote for me/our behalf at the 29th Annual General Meeting of the Company to be held on Wednesday 26th October, 2011 at 01:30 p.m. and any adjournment thereof.

Signed this _____ day of _____ 2011.

Affix
 Revenue
 Stamp
 Rs. 5/-

Signature _____

Witness: _____

Signature

Name: _____

Address: _____

Witness: _____

Signature

Name: _____

Address: _____

