Contents

Company Information

BOARD OF DIRECTORS	**Executive Director**	
	Mr. Haroon Iqbal	CEO & Chairman Board of Directors
	Mr. Manzoor Ahmed	Director
	Non-Executive Directors	
	Mr. Waseem-ul-Haque Ansari	
	Mr. Muhammad Naeemuddin Malik	
	Syed Maqbool Ali	
	Mr. Ishtiaq Ahmed	
	Independent Director	
	Mr. Azizul Haque	
COMPANY SECRETARY	Mr. Muhammad Naeemuddin Malik	
AUDIT COMMITTEE	Mr. Azizul Haque	Chairman
	Mr. Ishtiaq Ahmed	Member
	Syed Maqbool Ali	Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Syed Maqbool Ali	Chairman
	Mr. Haroon Iqbal	Member
	Mr. Waseem-ul-Haque Ansari	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	
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	
BANKERS	Muslim Commercial Bank Ltd. Bank Islami Pakistan Ltd. Soneri Bank Ltd.	
REGISTERED OFFICE	Finance & Trade Centre Block-A, 7th Floor, Shahrah-e-Faisal, Karachi	
FACTORY	Dewan City Sajawal District Thatta, Sindh.	
WEBSITE	www.yousufdewan.com	

Mission Statement

To be the No. 1 automobile company in Pakistan

- To assume leadership role in the technological advancement of the industry and to achieve the highest level of quantitative indigenization.
- To offer high value, economical and qualitative solutions to address the commuting needs of a diverse range of customers.
- To seek long-term and good relations with our suppliers and dealers with fair, honest and mutually profitable dealings.
- To be a totally customer oriented company and to achieve Total Customer Satisfaction.
- To create a work environment, which motivates recognizes and rewards achievements at all levels of the organization.
- To produce environment friendly vehicles.
- To be a contributing corporate citizen for the betterment of society, and to exhibit a socially responsible behavior.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty Third Annual General Meeting of **Dewan Automotive Engineering Limited** (***"DAEL"*** or ***"the Company"***) will be held on ***Wednesday, January 31, 2018,*** at 12:00 noon, 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:

1. To confirm the minutes of the preceding Annual General Meeting of the Company;

2. To receive, consider, approve and adopt the annual audited financial statements of the Company for the year ended June 30, 2015, together with the Directors' and Auditors' Reports thereon;

3. To confirm the post facto appointment of the Statutory Auditors' of the Company for the year ended June 30, 2016, and to fix their remuneration;

4. To consider any other business with the permission of the Chair.

By order of the Board

Muhammad Naeemuddin Malik
Company Secretary

Karachi: January 08, 2018

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from January 24, 2018 to January 31, 2018 (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 above said 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 Ltd. is pleased to present its annual report along with the Company's audited financial statements for the year ended June 30, 2015 and welcomes you to the Thirty-third Annual General Meeting.

Financial Overview

The summary of financial performance for the year, along with the comparative figures of financial year 2014 is as follows:

	June 30, 2015	June 30, 2014
	(Rupees in '000)	
Gross Sales	-	40,797
Gross (loss)	**(32,114)**	(19,142)
Operating (loss)	**(63,181)**	(62,567)
Net (loss) after tax	**(113,790)**	(105,264)

Year under review:

Due to non-availability of banking lines, the production activity of the Company during the year remained suspended, resulting in unabsorbed fixed and other cost which ultimately contributed to the financial loss of the Company. 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

Following are the comments on Auditors qualifications, as per Auditors' Report.

Para (a) and (b) regarding going concern and non provisioning of mark up: The management has explained the status of matter in respective Note No. 2 and 29.1 to the financial statements.

Para (c) regarding actuarial valuation for staff retirement benefits: Provision for gratuity has not been made on the basis of actuarial valuation method as, in view of management the impact of actuarial 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.

Corporate and financial reporting framework:

- The financial statements for the year ended June 30, 2015, prepared by the management of the Company, present fairly its state of affairs, the result 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, 2015 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 of the last six years 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 statements;

The Board of Directors comprise of individuals with diversified knowledge who endeavor to contribute toward the aim of the Company with the best of their abilities. During the year one meeting of the Board of Directors was held. The attendance of directors was as follows;

Names of Directors	No of meetings attended
Mr. Haroon Iqbal	1
Mr. Aziz-ulHaque	1
Mr. Waseem-ul-Haque Ansari	1
Mr. Manzoor Ahmad	1
Syed Maqbool Ali	1
Mr. Muhammad Naeemuddin Malik	1
Mr. Ishtiaq Ahmed	1

Leave of absence was granted to those directors who applied for the leave.

The audit committee comprise of three directors, two of them are non-executive. During the year no meetings of audit committee was held.

Name of Director	No. of meetings attended
Mr. Aziz-ulHaque	-
Mr. Ishtiaq Ahmed	-
Syed Maqbool Ali	-

During the year one meeting of the human resource & remuneration committee was held, members' attendance in this meeting is as under.

Name of Director	No. of meetings attended
Syed Maqbool Ali	1
Mr. Haroon Iqbal	1
Mr. Waseem-ul-Haque Ansari	1

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. 5.32

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, 2015 is included in the Annual Report.

Trading in Company Shares

None of the Direcotrs, Executives, 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 Government 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, 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)

Haroon Iqbal
Chief Executive Officer & Chairman

Summarised Key Operating and Financial Data of Last Six Years

PARTICULARS	2015	2014	2013	2012	2011	2010
	……………………………………………… Rs. in '000' ………………………………………………					
Gross Sales	-	47,922	-	-	14,688	141,916
Net Sales	-	40,797	-	-	12,465	121,422
Gross (Loss) / Profit	**(32,114)**	(19,142)	(34,416)	(39,565)	(58,631)	(41,343)
Operating (loss)/profit	**(63,181)**	(62,567)	(136,168)	(71,160)	(211,091)	(206,214)
(los) / profit before tax	**(117,024)**	(108,903)	282,127	(187,661)	(211,085)	(517,575)
(los) / profit after tax	**(113,790)**	(105,264)	284,975	(197,438)	(208,072)	(514,930)
Retained Earnings	**656,994**	387,663	370,456	242,150	177,062	178,184
Share Capital	**214,000**	214,000	214,000	214,000	214,000	214,000
Shareholders Equity	**(1,072,573)**	(1,234,680)	(1,153,688)	(1,572,498)	(1,450,232)	(1,445,962)
Fixed Assets	**340,011**	370,313	404,313	403,929	461,228	559,071
Total Assets	**974,725**	761,488	814,778	803,178	866,464	1,022,940
FINANCIAL ANALYSIS						
Gross (loss)/profit Margin	**-**	-46.92%	-	-	-470.37%	-34%
Operating (loss) /profit Margin	**-**	-153.36%	-	-	-1693.47%	-58%
(loss)/profit before tax	**-**	266.93%	-	-	-1693.42%	-426%
(loss) / profit after tax	**-**	-258.01%	-	-	-1669.25%	-424%
Return on Investment						
(Loss) / Earnings per share before tax (Rs/Share)	**(5.47)**	(5.08)	13.18	(8.77)	(9.86)	(24.18)
(Loss) / Earnings per share after tax (Rs/Share)	**(5.31)**	(4.91)	13.31	(9.22)	(9.72)	(24.06)
Activity Ratios						
Sales to Total Assets-Times	**-**	0.05	-	-	0.01	0.11
Sales to Fixed Assets-Times	**-**	0.11	-	-	0.02	0.30
Liquidity Ratios						
Current ratio (excluding current maturity of LTL)	**0.34**	0.21	0.23	0.21	0.021	0.26
Current ratio (Including current maturity of LTL)	**0.34**	0.21	0.22	0.21	0.021	0.26
Book value per share (Rs.)	**(0.02)**	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)

Statement Of Compliance with The Code Of Corporate Governance

For the Year Ended June 30, 2015

The statement is being presented to comply with the Code of Corporate Governance ("CCG") contained in the Listing Regulation No 35 of the Listing Regulation of Karachi & Lahore Stock Exchanges, for the purpose of establishing a 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 CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. As of June 30, 2015, the board included:

Category	**Name of Directors**
Independent Directors	Mr. Aziz-ul-Haque
Executive Directors	Mr. Haroon Iqbal
	Mr. Manzoor Ahmed
Non-Executive Directors	Mr. Waseem-ul-Haque Ansari
	Mr. Muhammad Naeemuddin Malik
	Syed Maqbool Ali
	Mr. Ishtiaq Ahmed

2. Five Directors have confirmed that they are non-serving as Director in more than seven listed companies including this Company, however, two Directors are serving as Director in more than seven listed Yousuf Dewan Companies.

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 NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred on the Board during the year.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

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, other executive and non-executive directors have been taken by the board/shareholders.

8. The meetings of the board held during the year were presided over by the Chairman and, in his absence, by the director elected by the board for this purpose. 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 meetings were appropriately recorded and circulated.

9. In accordance with the criteria specified on clause (XI) of CCG, three Directors are qualified Directors Training Program and rest of the Directors to be trained in coming next session.

10. There was no change in the position of CFO, Company Secretary and Head of Internal Audit During the year.

11. The Directors report for this has prepared in compliance with the requirement of the CCG 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 director, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of CCG.

15. The board has formed an Audit Committee. It comprises of three members of whom one is an independent director who is also the Chairman and others are non-executive directors.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed Human Resource and Remuneration Committee. It comprises of three members, of whom one is executive and others are non-executive directors, and the chairman of the committee is a non-executive director.

18. The board has set up an effective internal audit function. The staffs are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, 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 Accountants (IFAC) guidelines on code of ethics are adopted by the ICAP.

20. 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.

21. The closed period, prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. The Company has complied with the requirement relating to maintenance of register of person having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis of inclusion or exclusion of names of persons from the said list.

24. We confirm that all the other material principles enshrined in the CCG have been complied with.

Haroon Iqbal
Chief Executive Officer

Muhammad Naeemuddin Malik
Director

Karachi: January 08, 2018

FARUQ ALI & CO
CHARTERED ACCOUNTANTS

C-88, Ground Floor, KDA Scheme No. 1, Main Karsaz Road, Opp. Maritime Museum, Karachi-75350
E-mail: info@fac.com.pk
Telephone : (021) 34301966
: (021) 34301967
: (021) 34301968
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REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ('the Code') prepared by the Board of Directors ('the Board') of **Dewan Automotive Engineering Limited** ('the Company') for the year ended 30 June 2015 to comply with the requirements of Rule 5.19 of the Rule Book of the Pakistan Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the 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.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval, its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Following instances of non-compliance with the requirements of the Code were observed which are not stated in the Statement of Compliance:

a) The board includes one independent director, whereas in our view he does not meet the criteria of independence on account of his cross directorship in other associated companies;

b) Chairman of the Company has not been elected from non-executive directors;

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Continuation Sheet

c) The Chairman of the audit committee is not an independent director due to the reason referred in paragraph (a) above;

Based on our review, except for the above instances of non-compliance, 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 as applicable to the Company for the year ended 30 June 2015.

Further, we highlight that one of the director of the Company is serving as a director in more than seven listed companies as reflected in the note 2 in the Statement of Compliance.

Dated: January 08, 2018
Place: Karachi

CHARTERED ACCOUNTANTS
Engagement partner: Muhammad Faisal Nini

FARUQ ALI & CO
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of DEWAN AUTOMOTIVE ENGINEERING LIMITED ('the Company') as at 30 June 2015 and the related profit and loss account, statement of comprehensive income, statement of cash flows 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 of Rs. 113.790 million during the year ended June 30, 2015, and, as of that date it has accumulated losses of Rs.1,943.567 million which have resulted in net capital deficiency of Rs.1,072.573 million and its current liabilities exceeded its current assets by Rs. 1,218.806 million and total assets by Rs. 868.175 million and operations of the Company are closed. The Company is planced on defaulters' counter of Pakistan Stock Exchange Limited and trading of its shares was suspended. Furthermore, the Company has been unable to ensure timely repayments of its debts as well as creditors 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.8.251 million (Up to 30 June 2014: Rs.56.424 million) (refer note 29.1) 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.8.251 million and markup payable would have been higher and shareholders' equity would have been lower by Rs.64.675 million.

FA & CO.
Continuation Sheet

c) The liability for staff retirement benefits reflected in these financial statements amounting to Rs.16.158 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) The stock in trade amounting to Rs. 164.392 million is stagnant against which provision of slow moving and obsolescence to the extent of Rs.108.538 million has been made in these financial statements. Since the operations of the Company are closed, therefore further provision for slow moving and obsolescence should be made in these financial statements. In the absence of exercise by the management to assess the usability and condition of the stocks the financial impact cannot be quantified.

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 matter discussed in para (a) coupled with the financial effect of matters discussed in (b) to (d) above, the balance sheet, profit and loss account, statement of comprehensive income, statement of cash flows 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 30 June 2015 and of the loss, its comprehensive loss, 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.

Dated: January 08, 2018
Place: Karachi

CHARTERED ACCOUNTANTS
(Muhammad Faisal Nini)

Balance Sheet

As on June 30, 2015

	Note	2015	2014
		----------(Rs. in '000)----------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	**340,011**	370,313
Available for sale investment	5	**7,600**	7,360
Deferred cost	6	**--**	194
Long term deposits		**3,020**	3,020
CURRENT ASSETS			
Stock in trade	7	**55,854**	79,792
Trade debts	8	**1,397**	3,445
Advances - Considered good	9	**4,973**	4,937
Other receivables	10	**16,008**	16,008
Advance income tax		**2,576**	2,425
Available for sale investments - At fair value	11	**543,150**	273,819
Cash and bank balances	12	**136**	175
		624,094	380,601
		974,725	761,488
EQUITY AND LIABILITIES			
AUTHORIZED SHARE CAPITAL			
21,800,000 (2014: 21,800,000) Ordinary shares of Rs.10/- each		**218,000**	218,000
Issued, subscribed and paid-up share capital	13	**214,000**	214,000
Reserves - Net	14	**656,994**	387,663
Accumulated losses		**(1,943,567)**	(1,836,343)
		(1,072,573)	(1,234,680)
Surplus on revaluation of property, plant and equipment	15	**79,350**	85,916
NON-CURRENT LIABILITIES			
Long term loans - Unsecured	16	**66,739**	56,667
Deferred liability for staff gratuity	17	**16,158**	15,990
Deferred taxation	18	**42,151**	45,385
Long term loan - Secured	19	**--**	3,000
CURRENT LIABILITIES			
Trade and other payables	20	**372,013**	371,979
Mark-up accrued		**721,752**	658,846
Short term finance	21	**728,635**	728,635
Overdue portion of loans - Secured	22	**17,500**	23,750
Current portion of long term loan	19	**3,000**	6,000
		1,842,900	1,789,210
CONTINGENCIES	23	**--**	–
		974,725	761,488

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

Haroon Iqbal
Chief Executive Officer

Muhammad Naeemuddin Malik
Director

Profit and Loss Account

For The Year Ended June 30, 2015

	Note	2015	2014
		----------(Rs. in '000)----------	
Gross sales		--	47,922
Sales tax		--	(7,125)
Sales - Net		--	40,797
Cost of sales	24	**(32,114)**	(59,939)
Gross loss		**(32,114)**	(19,142)
Operating expenses			
Distribution expenses	25	**(602)**	(667)
Administrative expenses	26	**(6,527)**	(8,562)
Other expenses	27	**(23,938)**	(34,196)
		(31,067)	(43,425)
Operating loss		**(63,181)**	(62,567)
Other income	28	**10,109**	48,313
Finance cost	29	**(63,952)**	(94,649)
Loss before taxation		**(117,024)**	(108,903)
Taxation - Net	30	**3,234**	3,639
Loss for the year		**(113,790)**	(105,264)
Loss per share - Basic and diluted (Rupees)	31	**(5.32)**	(4.92)

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

Haroon Iqbal
Chief Executive Officer

Muhammad Naeemuddin Malik
Director

Statement of Comprehensive Income

For The Year Ended June 30, 2015

	2015	2014
	----------(Rs. in '000)----------	
Loss for the year	**(113,790)**	(105,264)
Other comprehensive income for the year:		
Changes in fair values of available for sale investment	**269,331**	17,207
Transfer from surplus on revaluation of fixed assets		
in respect of incremental depreciation	**9,801**	10,703
Related deferred tax	**(3,235)**	(3,638)
	6,566	7,065
Component of comprehensive income not reflected in equity	**--**	–
Total comprehensive income / (loss) for the year	**162,107**	(80,992)

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

Haroon Iqbal
Chief Executive Officer

Muhammad Naeemuddin Malik
Director

Cash Flow Statement

For The Year Ended June 30, 2015

	Note	2015	2014
		----------(Rs. in '000)----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(117,024)**	(108,903)
Adjustment for non cash charges and other items			
Depreciation		**30,086**	33,312
Provision for slow moving and obsolescence stocks		**23,938**	34,196
Reversal of impairment on investment		**(240)**	(40)
(Gain) on disposal of fixed assets		**(408)**	(427)
Liability no longer payable written back		**(7,861)**	(47,681)
Unwinding of discount / present value adjustment - Net		**(1,578)**	1,351
Provision for gratuity		**287**	234
Amortization of deferred cost and intangibles		**194**	193
Finance cost		**63,952**	94,649
Cash (outflows) / inflows before working capital changes		**(8,654)**	6,884
Working capital changes			
(increase)/decrease in current assets			
Stock in trade		**--**	3,619
Trade debts		**2,048**	(2,117)
Advances		**(36)**	(1,737)
Increase/(decrease) in current liabilities			
Trade and other payables		**7,895**	9,459
		9,907	9,224
Net cash generated from operations		**1,253**	16,108
Payments for:			
Finance cost		**(1,046)**	(1,377)
Income tax		**(151)**	(1,803)
Gratuity		**(119)**	(530)
Net cash (outflows) / inflows from operating activities		**(63)**	12,398
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale proceed of disposal of fixed assets		**624**	1,115
Net cash inflows from investing activities		**624**	1,115
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loans		**11,650**	6,000
Payment of short term finance		**--**	(13,935)
Payment of long term loan		**(12,250)**	(6,000)
Net cash outflows from financing activities		**(600)**	(13,935)
Net (decrease) in cash and cash equivalents		**(39)**	(422)
Cash and cash equivalents at the beginning of the year		**175**	597
Cash and cash equivalents at the end of the year		**136**	175

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

Haroon Iqbal
Chief Executive Officer

Muhammad Naeemuddin Malik
Director

Statement Of Changes In Equity

For The Year Ended June 30, 2015

	Issued, subscribed and paid-up share capital	Capital reserves			Revenue reserves		Total
		Merger reserve	Unrealized gain due to change in fair value of investments	Settlement claim from Ford Motors (Note 14.2)	General reserve	Accumulated losses	
	------------------------- (Rupees in '000) -------------------------						
Balance as on 1 July 2013	214,000	82,090	192,272	86,194	9,900	(1,738,144)	(1,153,688)
Total comprehensive income for the year							
Loss for the year	-	-	-	-	-	(105,264)	(105,264)
Net change in fair value of available-for-sale investment	-	-	17,207	-	-	-	17,207
Incremental depreciation transfer from surplus on revaluation of property, plant and equipment - Net of tax	-	-	-	-	-	7,065	7,065
Total comprehensive income for the year	-	-	17,207	-	-	(98,199)	(80,992)
Balance as at 30 June 2014	**214,000**	**82,090**	**209,479**	**86,194**	**9,900**	**(1,836,343)**	**(1,234,680)**
Total comprehensive (loss) for the year							
Loss for the year	-	-	-	-	-	(113,790)	(113,790)
Net change in fair value of available-for-sale investment	-	-	269,331	-	-	-	269,331
Incremental depreciation transfer from surplus on revaluation of property, plant and equipment - Net of tax	-	-	-	-	-	6,566	6,566
Total comprehensive loss for the year	-	-	269,331	-	-	(107,224)	162,107
Balance as at 30 June 2015	**214,000**	**82,090**	**478,810**	**86,194**	**9,900**	**(1,943,567)**	**(1,072,573)**

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

Haroon Iqbal
Chief Executive Officer

Muhammad Naeemuddin Malik
Director

Notes To The Financial Statements

For The Year Ended June 30, 2015

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 7th Floor, Block-A, Finance & Trade Centre, Shahrah-e-Faisal, Karachi.

Subsequent to the balance sheet date, the Company received notices from Pakistan Stock Exchange Limited (PSX) in respect of non-holding of annual general meetings for two or more years as required under clause 5.11.1.(c) of PSX Regulations and failed to fulfill the requirements of clause 5.11.1.(e) of the PSX Regulations i.e. non-payment of dues of the Exchange. Since the Company was unable to rectify the aforementioned default, therefore it was placed on defaulters' counter of PSX and trading of its shares was suspended. The proposed delisting is under consideration of the management.

2 GOING CONCERN ASSUMPTION

The company incurred a net loss of Rs. 113.790 million (2014: Rs.105.264 million) during the year ended 30 June 2015, and, as of that date it has accumulated losses of Rs. 1,943.567 million (2014: Rs.1,836.343 million) which have resulted in net capital deficiency of Rs.1,072.573 million (2014: Rs.1,234.680 million) and its current liabilities exceeded its current assets by Rs.1,218.806 million (2014: Rs.1,408.609 million) and total assets by Rs.868.175 million (2014: Rs.1,027.722 million). The Company's short term borrowing facilities have expired and not been renewed and the Company has been unable to ensure scheduled repayments 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 the 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.

Subsequent to the balance sheet date, the Company has restructured its entire debts except one and also been paid as per term of restructuring agreements. The management is also confident that the outcome of the pending litigation will be positive as the Company is negotiating re-profilling of the debts with a lender. Therefore, the management is confident that the proposal will be accepted by the lender and pending litigation 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 29.1 to the financial statements, for which the management concludes that provisioning of mark-up would conflict with the objective of financial statements. Approved accounting

Notes To The Financial Statements

For The Year Ended June 30, 2015

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.

Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 1 July 2015:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

- IFRS 10 'Consolidated Financial Statements' - (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016. .

- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not likely to have an impact on Company's financial statements.

Notes To The Financial Statements

For The Year Ended June 30, 2015

- IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The adoption of this standard is not likely to have an impact on Company's financial statements.

- IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard is not likely to have an impact on Company's financial statements.

- Amendments to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The adoption of the amended standard is not likely to have an impact on Company's financial statements.

- Agriculture: Bearer Plants [Amendments to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The adoption of the amended standard is not likely to have an impact on Company's financial statements.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The adoption of these amendments is not likely to have an impact on Company's financial statements.

  Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). These amendments are not likely to have an impact on Company's financial statements. The new cycle of improvements contain amendments to the following standards:

Notes To The Financial Statements

For The Year Ended June 30, 2015

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

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 (notes no. 3.11 and 17).
ii) Revaluation of property, plant and equipment (note no. 15).
iii) Taxation (notes no. 3.14 and 30).

Notes To The Financial Statements

For The Year Ended June 30, 2015

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.

Notes To The Financial Statements

For The Year Ended June 30, 2015

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.

Notes To The Financial Statements

For The Year Ended June 30, 2015

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.

Notes To The Financial Statements

For The Year Ended June 30, 2015

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.

	Note	2015	2014
		------(Rs. in '000)------	
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - At cost less accumulated depreciation	4.1	**340,011**	370,313

Notes To The Financial Statements

For The Year Ended June 30, 2015

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

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PARTICULARS	COST / REVALUATION				DEPRECIATION				Book value as at 30 June 2015	Rate %
	As at 1 July 2014	Additions during the year	(Deletions)	As at 30 June 2015	As at 1 July 2014	(On disposals)	Charge for the year	As at 30 June 2015		
	----------(Rupees in '000)----------									
Freehold land	2,400	–	–	2,400	–	–	–	–	2,400	–
Factory building on freehold land										
Cost	122,502	–	–	122,502	33,202	–	4,465	37,667	84,835	5 to 10
Revaluation	91,061	–	–	91,061	26,864	–	3,209	30,073	60,988	5
Plant and machinery										
Cost	228,366	–	–	228,366	108,961	–	11,941	120,902	107,464	10
Revaluation	95,734	–	–	95,734	28,652	–	6,708	35,360	60,374	10
Computer and allied	3,293	–	–	3,293	3,027	–	41	3,068	225	10 to 30
Furniture and office equipment	25,830	–	–	25,830	16,632	–	920	17,552	8,278	10
Motor vehicles	66,388	–	(1,811)	64,577	56,399	(1,595)	1,954	56,758	7,819	20
Tools and equipment	11,104	–	–	11,104	7,192	–	392	7,584	3,520	10
Refrigerators and air conditioners	1,506	–	–	1,506	1,180	–	32	1,212	294	10
Electrical appliances	318	–	–	318	192	–	13	205	113	10
Jigs and fixtures	735	–	–	735	561	–	17	578	157	10
Electrical fittings	6,494	–	–	6,494	3,583	–	291	3,874	2,620	10
Dies	4,205	–	–	4,205	3,184	–	102	3,286	919	10
Patterns	112	–	–	112	106	–	1	107	5	20
TOTAL	**660,048**	**--**	**(1,811)**	**658,237**	**289,735**	**(1,595)**	**30,086**	**318,226**	**340,011**	

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PARTICULARS	COST / REVALUATION				DEPRECIATION				Book value as at 30 June 2014	Rate %
	As at 1 July 2013	Additions during the year	(Deletions)	As at 30 June 2014	As at 1 July 2013	(On disposals)	Charge for the year	As at 30 June 2014		
	----------(Rupees in '000)----------									
Freehold land	2,400	–	–	2,400	–	–	–	–	2,400	–
Factory building on freehold land										
Cost	122,502	–	–	122,502	28,502	–	4,700	33,202	89,300	5 to 10
Revaluation	91,061	–	–	91,061	23,485	–	3,379	26,864	64,197	5
Plant and machinery										
Cost	228,366	–	–	228,366	95,694	–	13,267	108,961	119,405	10
Revaluation	95,734	–	–	95,734	21,198	–	7,454	28,652	67,082	10
Computer and allied	3,293	–	–	3,293	2,975	–	52	3,027	266	10 to 30
Furniture and office equipment	28,496	–	(2,666)	25,830	17,588	(1,978)	1,022	16,632	9,198	10
Motor vehicles	66,388	–	–	66,388	53,901	–	2,498	56,399	9,989	20
Tools and equipment	11,104	–	–	11,104	6,758	–	434	7,192	3,912	10
Refrigerators and air conditioners	1,506	–	–	1,506	1,145	–	35	1,180	326	10
Electrical appliances	318	–	–	318	178	–	14	192	126	10
Jigs and fixtures	735	–	–	735	542	–	19	561	174	10
Electrical fittings	6,494	–	–	6,494	3,260	–	323	3,583	2,911	10
Dies	4,205	–	–	4,205	3,071	–	113	3,184	1,021	10
Patterns	112	–	–	112	104	–	2	106	6	20
TOTAL	**662,714**	**--**	**(2,666)**	**660,048**	**258,401**	**(1,978)**	**33,312**	**289,735**	**370,313**	

Notes To The Financial Statements

For The Year Ended June 30, 2015

	Note	2015	2014
		------(Rs. in '000)------	
4.2 Depreciation for the year has been allocated as follows:			
Cost of sales	24	**28,281**	31,313
Distribution expenses	25	**602**	667
Administrative expenses	26	**1,203**	1,332
		30,086	33,312

4.3 Detail of disposal is as follows:

Particulars	Cost of asset	Accumulated depreciation	Book Value	Sale Proceeds	Gain on disposal	Mode of Disposal	Particulars of Buyers
Motor vehicles	1,811	1,595	216	624	408	Negotiation	Darwesh khan (outsider)
2015	**1,811**	**1,595**	**216**	**624**	**408**		
2014	-	1,978	(1,978)	1,115	3,093		

	Note	2015	2014
		------(Rs. in '000)------	
5 AVAILABLE FOR SALE INVESTMENT			
Investment in associated company			
Dewan Mushtaq Trade Limited (Public, unquoted company)			
4,000,000 (2014: 4,000,000) Ordinary shares of Rs.10/- each		**40,000**	40,000
Accumulated impairment loss on investment		**(32,400)**	(32,640)
		7,600	7,360

5.1 Since the investment is in unquoted company therefore this is measured at cost less accumulated impairment because the fair value can not be measured reliably.

	Note	2015	2014
6 DEFERRED COST			
Preliminary expenses		**194**	387
Amortization for the year	26	**(194)**	(193)
		--	194

Notes To The Financial Statements

For The Year Ended June 30, 2015

		2015	2014
		------(Rs. in '000)------	
7 STOCK IN TRADE			
Raw materials and components		**127,861**	127,861
Work in process		**2,701**	2,701
Finished goods - Manufacturing stock		**3,567**	3,567
Trading stock		**30,263**	30,263
		164,392	164,392
Provision for slow moving and obsolescence stocks	7.1	**(108,538)**	(84,600)
		55,854	79,792

7.1 Provision for slow moving and obsolescence stock

Particulars	Raw materials and components	Work in process	Finished goods - manufacturing stock	Trading stock	Total
	------------	------------	Rs. in '000'	------------	------------
Opening provision	64,491	2,035	2,640	15,434	84,600
Provision for the year	19,011	200	278	4,449	23,938
Closing provision	**83,502**	**2,235**	**2,918**	**19,883**	**108,538**

	2015	2014
	------(Rs. in '000)------	
8 TRADE DEBTS		
Considered good	**1,397**	3,445
Considered doubtful	**1,267**	1,267
	2,664	4,712
Provision for doubtful debts	**(1,267)**	(1,267)
	1,397	3,445
9 ADVANCES - Considered good		
Employees	**4,896**	4,860
Other advances	**77**	77
	4,973	4,937
10 OTHER RECEIVABLE		
Sales tax receivable	**16,008**	16,008

Notes To The Financial Statements

For The Year Ended June 30, 2015

		2015	2014
		------(Rs. in '000)------	
11	**AVAILABLE FOR SALE INVESTMENTS - At fair value**		
	In associated companies:		
	Dewan Cement Limited (DCL)		
	37,407,000 (2014: 37,407,000) Ordinary shares of Rs.10/- each @17.3535	**649,142**	649,142
	Accumulated impairment	**(584,802)**	(584,802)
	Unrealized gain due to changes in fair values	**478,810**	209,479
		543,150	273,819
	Percentage of equity held	**9.61%**	9.61%
	Market value per share as at 30 June	**14.52**	7.32
12	**CASH AND BANK BALANCES**		
	Cash in hand	**14**	14
	Cash at banks - Current and saving accounts	**122**	161
		136	175

13 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2015	2014		2015	2014
----- (Number of shares) -----			------(Rs. in '000)------	
20,535,871	20,535,871	Ordinary shares of Rs. 10/- each issued as fully paid in cash	**205,359**	205,359
864,129	864,129	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	**8,641**	8,641
21,400,000	21,400,000		**214,000**	214,000

14 RESERVES - Net

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

14.2 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 the Company and Ford Motors dated 22 January 1990.

Notes To The Financial Statements

For The Year Ended June 30, 2015

	2015	2014
	------(Rs. in '000)------	
15 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Balance as at 1 July	**85,916**	92,981
Incremental deprecation charged on related assets during the year - Net of tax	**(6,566)**	(7,065)
	79,350	85,916

Freehold land, factory building and plant and machinery have further been revalued at March 2013 by an independent valuers, M/s. Anderson Consulting (Private) Limited using the market value being the basis of revaluation which resulted in net revaluation surplus amounting to Rs.34.901 million was credited to "Surplus on revaluation of property, plant and equipment account". The entire closing balance of surplus on revaluation of property, plant and equipment is not available for distribution to shareholders.

Particulars	Written down value of assets before revaluation	Revalued amount	Revaluation surplus / (deficit)
	---------- Rs. in '000' ----------		
Land	1,800	2,400	600
Factory building	174,143	163,705	(10,438)
Plant and machinery	166,791	211,530	44,739
	342,734	377,635	34,901

	Note	2015	2014
		------(Rs. in '000)------	
16 LONG TERM LOAN - Unsecured			
From director - At amortized cost			
Loan received - Opening	16.1	**213,089**	207,089
Received during the year		**11,650**	6,000
Present value adjustment		**(196,643)**	(188,452)
Interest charged to profit and loss account		**38,643**	32,030
		66,739	56,667

16.1 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.

Notes To The Financial Statements

For The Year Ended June 30, 2015

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.

		2015	2014
		------(Rs. in '000)------	
17 DEFERRED LIABILITY FOR STAFF GRATUITY			
Employees retirement benefits	17.1	**16,158**	15,990

17.1 Movement in the net liability for staff gratuity

	2015	2014
Opening liability	**15,990**	16,286
Provision for the year	**287**	234
Paid during the year	**(119)**	(530)
	16,158	15,990

17.2 Provision for gratuity has not been made on the basis of actuarial method as the impact of actuarial would not be material. The operations are almost closed and few staff members are in service.

18 DEFERRED TAXATION

	2015	2014
Deferred tax liability arising out of surplus on revaluation of property plant and equipment	**42,151**	45,385

18.1 Company has not recognized deferred tax asset amounting to Rs.682.234 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.

	2015	2014
	------(Rs. in '000)------	
19 LONG TERM LOAN - Secured		
Opening balance / settled liability	**9,000**	15,000
Payments during the year	**(6,000)**	(6,000)
	3,000	9,000
Transfer to current maturity	**(3,000)**	(6,000)
Closing balance	**--**	3,000

During the year ended 2012, a settlement has been reached with one of the financial institution for restructuring of liabilities. Accordingly, an application was filed in Honorable High Court for consent decree which has been granted by the Honorable Court. As per terms of settlement a sum of Rs.24.750 million will be payable as Rs.0.750 million as down payment and remaining balance in sixteen equal quarterly installments of Rs.1.5 million each. The total admitted liability is Rs.30.209 million, the difference will be waived if the Company makes payment of settlement amount in timely manner.

Notes To The Financial Statements

For The Year Ended June 30, 2015

		Note	2015	2014
			------(Rs. in '000)------	
20	**TRADE AND OTHER PAYABLES**			
	Trade creditors		**307,828**	307,120
	Accrued expenses		**17,130**	19,130
	Advance from dealers		**39,989**	39,989
	Advance from customers		**1,573**	–
	Withholding tax payable		**4,981**	4,981
	Corporate asset tax payable		**155**	155
	Worker's Profit Participation Fund		**145**	145
	Sales tax payable		**165**	412
	Interest on Workers' Profit Participation Fund		**47**	47
			372,013	371,979
21	**SHORT TERM FINANCE**			
	From financial institutions - Secured			
	Short term running finance	21.1	**49,310**	49,310
	From related party (associated company) - Unsecured			
	Interest bearing	21.2	**679,325**	679,325
			728,635	728,635

21.1 This represents short term bank borrowing from a commercial bank against limit of Rs.50 million (2014: Rs. 50 million) at mark-up rate ranging from 2% over 6 months KIBOR (2014: 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 mark-up @ 9.07% per annum (2014: 13.45% per annum).

22 OVER DUE PORTION OF LOANS - Secured

Syndicated loan facilities obtained from Pak Kuwait 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 loans carry mark-up @ 6 months KIBOR plus 3.77% (2014: 6 months KIBOR plus 3.77%). The loans were repayable in twenty equal quarterly installments of Rs.5.250 million each commencing from 30 August 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. 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.

Notes To The Financial Statements

For The Year Ended June 30, 2015

During the year under consideration, a settlement has been reached with one of the financial institution for restructuring of liabilities. As per terms of settlement agreement a sum of Rs.15.298 million will be payable in six equal quarterly installments of Rs.2,549,738 each over a period of one and half year, with first quarterly installment falling due on 31 December 2014.

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.81.382 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 mark-up on mark-up and other levies higher than the rate of mark-up 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 favour 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.

During the year under consideration, a settlement has been reached with one of the financial institution for restructuring of liabilities as disclosed in note 22.

24 COST OF SALES

	Note	2015	2014
		------(Rs. in '000)------	
Raw materials and parts consumed	24.1	**--**	9,473
Depreciation	4.2	**28,281**	31,313
Salaries, wages and benefits		**2,433**	7,716
Traveling and vehicles running		**693**	1,172
Generator fuel		**407**	1,054
Communication		**81**	73
Cartage and freight		**27**	780
Repairs and maintenance		**18**	1,144
Printing, Stationary and office supplies		**13**	66
Security expense		**11**	109
Miscellaneous		**150**	1
Manufacturing cost		**32,114**	52,901
Work-in-process - Opening		**2,701**	5,834
Work-in-process - Closing		**(2,701)**	(2,701)
		--	3,133
		32,114	56,034
Finished goods - Opening		**33,830**	37,735
Finished goods - Closing		**(33,830)**	(33,830)
		--	3,905
Cost of goods manufactured		**32,114**	59,939

Notes To The Financial Statements

For The Year Ended June 30, 2015

		2015	2014
		------(Rs. in '000)------	
24.1 Raw materials and parts consumed			
Opening stock		**127,861**	124,442
Purchases		**--**	12,892
		127,861	137,334
Closing stock		**(127,861)**	(127,861)
		--	9,473
25 DISTRIBUTION EXPENSES			
Depreciation	4.2	**602**	667
26 ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits		**3,555**	3,559
Depreciation	4.2	**1,203**	1,332
Traveling and vehicles running		**538**	796
Auditor's remuneration	26.1	**450**	450
Fees and subscription		**218**	284
Amortization of deferred cost	6	**194**	193
Rent, rates and taxes		**96**	1,006
Communication		**69**	99
Legal and professional		**85**	40
Insurance		**48**	22
Repairs and maintenance		**31**	337
Utilities		**22**	25
Printing, stationary and office supplies		**9**	44
Miscellaneous		**9**	369
Entertainment		**--**	6
		6,527	8,562
26.1 Auditor's remuneration			
Audit fee		**300**	300
Review reports		**150**	150
		450	450
27 OTHER EXPENSES			
Provision for slow moving and obsolescence stocks	7.1	**23,938**	34,196

Notes To The Financial Statements

For The Year Ended June 30, 2015

			2015	2014
			------(Rs. in '000)------	
28	**OTHER INCOME**			
	Gain on disposal of fixed assets	4.3	**408**	427
	Liability no longer payable written back		**7,861**	47,681
	Unwinding of discount / present value adjustment - Net		**1,578**	–
	Interest income		**22**	165
	Reversal of impairment in investment	5	**240**	40
			10,109	48,313
29	**FINANCE COST**			
	Mark-up on borrowings from related parties		**62,906**	93,272
	Mark-up due to settlement		**1,044**	–
	Unwinding of discount / present value adjustment - net		**--**	1,351
	Bank charges		**2**	26
			63,952	94,649

29.1 Company has not made the provision of mark-up for the year amounting to Rs.8.251 million (Up to 30 June 2014: Rs.56.424 million) keeping in view of the financial restructuring proposed to the lenders. 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. 8.251 millions and accrued mark-up would have been higher and shareholders' equity would have been lower by Rs.64.675 million. The said non provisioning is departure from the requirements of IAS-23 'Borrowing Costs".

			2015	2014
30	**TAXATION - Net**			
	Current tax			
	Current year	30.1	**--**	–
	Deferred		**(3,234)**	(3,639)
			(3,234)	(3,639)

30.1 Current tax and tax reconciliation

Since the Company's operations are closed therefore no provision for taxation has been made in these financial statements. Accordingly, no reconciliation between loss and tax expense can be given.

30.2 The income tax assessments of the Company deemed to have been finalized upto and including Tax year 2012.

Notes To The Financial Statements

For The Year Ended June 30, 2015

	2015	2014
	------(Rs. in '000)------	
31 LOSS PER SHARE - Basic and diluted		
Loss after taxation attributable to ordinary shareholders	**(113,790)**	(105,264)
	------ (Number of shares) ------	
Weighted average number of ordinary shares outstanding during the year	**21,400,000**	21,400,000
	----------- (Rupees) -----------	
Loss per share - Basic	**(5.32)**	(4.92)

31.1 A diluted loss per share has not been presented as the Company does not have any convertible instruments in issue as at 30 June 2015 and 30 June 2014 which would have any effect on the earnings per share if the option to convert is exercised.

32 REMUNERATION OF DIRECTORS AND EXECUTIVES

	2015				2014			
	Director	Chief Executive	Executives	Total	Director	Chief Executive	Executives	Total
	-------------- (Rupees in '000) --------------				-------------- (Rupees in '000) --------------			
Managerial remuneration	–	–	2,168	2,168	–	–	2,168	2,168
House rent	–	–	975	975	–	–	975	975
Utilities	–	–	217	217	–	–	217	217
	–	–	3,360	3,360	–	–	3,360	3,360
Number of persons	–	–	4	4	–	–	4	4

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 financial statements. Transaction with related parties, other than those which have been specifically disclosed elsewhere in these financial statements, are as follows: -

Notes To The Financial Statements

For The Year Ended June 30, 2015

	2015	2014
	------(Rs. in '000)------	
Associated companies:		
Mark-up expense	**62,906**	93,272

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

	2015	2014
	----------- (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	**NIL**	NIL

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 operations of the company are closed due to 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.

Notes To The Financial Statements

For The Year Ended June 30, 2015

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

	2015	2014
	------(Rs. in '000)------	
Trade debts	**1,397**	3,445
Long term deposit	**3,020**	3,020
Advances	**4,973**	4,937
Bank balances	**122**	161
	9,512	11,563

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 mark-ups:

	Carrying amounts	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	---------------------------------- (Rupees in '000) ----------------------------------					
2015						
Non-derivative financial liabilities						
Long term loans	69,739	227,739	3,000	–	–	224,739
Trade and other payables	365,139	365,139	365,139	–	–	–
Accrued mark-up	721,752	721,752	721,752	–	–	–
Short term finance	728,635	762,594	762,594	–	–	–
Overdue portion of loans	17,500	18,298	18,298	–	–	–
	1,902,765	**2,095,521**	**1,870,782**	**--**	**--**	**224,739**

	Carrying amounts	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	---------------------------------- (Rupees in '000) ----------------------------------					
2014						
Non-derivative financial liabilities						
Long term loans	65,667	222,089	3,000	3,000	3,000	213,089
Trade and other payables	366,431	366,431	366,431	–	–	–
Accrued mark-up	658,846	700,899	700,899	–	–	–
Short term finance	728,635	792,614	792,614	–	–	–
Overdue portion of loans	23,750	25,207	25,207	–	–	–
	1,843,329	**2,107,241**	**1,888,152**	**3,000**	**3,000**	**213,089**

Notes To The Financial Statements

For The Year Ended June 30, 2015

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 mark-up 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:

	2015	**2014**
	------(Rs. in '000)------	
Variable rate instruments at carrying amounts:		
Financial liabilities		
Overdue portion of loans	**20,500**	29,750
Short term finance	**728,635**	728,635
	749,135	758,385

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 flows 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:

Effect on loss / profit due to change of 100 BPs		
Increase	**7,491**	7,584
Decrease	**(7,491)**	(7,584)

Notes To The Financial Statements

For The Year Ended June 30, 2015

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 NUMBER OF EMPLOYEES

Number of persons employed as at year end were 24 (2014 : 31) and the average number of persons employed during the year were 25 (2014 : 34)

37 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on January 08, 2018 in accordance with the resolution by the Board of Directors of the Company.

38 GENERAL

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

Haroon Iqbal	**Muhammad Naeemuddin Malik**
Chief Executive Officer	Director

Pattern of Shareholding under Regulation 37(xx)(i) of the Code of Corporate Governance
as at June 30, 2015

Sr #	Categories of Shareholders	Number of Shareholders	Number of Shares held	% of Shareholding
1.	Associated Companies	3	4,746,259	22.18%
2.	NIT and ICP	2	56,400	0.26%
3.	Directors, CEO, their Spouses & Minor Children	7	6,000	0.03%
4.	Executives	-	-	0.00%
5.	Public Sector Companies & Corporations	13	700,206	3.27%
6.	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarbas & Mutual Funds	4	134,133	0.63%
7.	Individuals	1,128	15,757,002	73.63%
	TOTAL	**1,157**	**21,400,000**	**100.00%**

DETAILS OF CATEGORIES OF SHAREHOLDERS

Sr #	Names	Number of Shareholders	Number of Shares held	% of Shareholding
1.	**Associated Companies**			
1.1	Dewan Motors (Pvt.) Limited	3	4,746,259	22.18%
2.	**NIT and ICP**			
2.1	National Bank of Pakistan, Trustee Deptt.	1	7,900	0.04%
2.2	Investment Corporation of Pakistan	1	48,500	0.23%
		2	56,400	0.26%
3.	**Directors, CEO, their Spouses & Minor Children**			
	Directors and CEO			
3.1	Mr. Haroon Iqbal	1	500	0.00%
3.2	Mr. Aziz ul Haque	1	500	0.00%
3.3	Syed Maqbool Ali	1	1,000	0.00%
3.4	Mr. Manzoor Ahmed	1	1,000	0.00%
3.5	Mr. Waseem-Ul-Haq Ansari	1	1,000	0.00%
3.6	Mr. Ishtiaq Ahmed	1	1,000	0.00%
3.7	Mr. Muhammad Naeemuddin Malik	1	1,000	0.00%
		7	**6,000**	**0.03%**
	Spouses of Directors and CEO			
3.8	-	-	-	0.00%
		-	**-**	**0.00%**
	Minor Children of Directors and CEO			
3.9	-	-	-	0.00%
		-	**-**	**0.00%**

SHAREHOLDERS HOLDING 5% OR MORE OF THE VOTING SHARES/ INTERESTS IN THE COMPANY

Sr #	Names	Number of Shareholders	Number of Shares held	% of Shareholding
1	Dewan Motors (Pvt.) Limited	3	4,746,259	22.18%
2	Dewan Muhammad Yousuf Frooqui	1	3,702,637	17.30%
3	Dewan Zia-ur-Rehman Farooqui	2	2,368,637	11.07%
4	Dewan Abdullah Ahmed Swaleh Farooqui	1	1,278,637	5.97%
5	Dewan Asim Mushfiq Farooqui	1	1,278,637	5.97%
6	Dewan Abdul Baqi Farooqui	1	1,278,637	5.97%

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.

Form 34

THE COMPANIES ORDINANCE, 1984
(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 **30.06.2015**

4.

Number of Shareholders	Shareholdings				Total Shares held
397	1	-	100	Shares	30,558
428	101	-	500	Shares	119,842
108	501	-	1,000	Shares	98,878
145	1,001	-	5,000	Shares	382,683
26	5,001	-	10,000	Shares	211,032
11	10,001	-	15,000	Shares	144,000
6	15,001	-	20,000	Shares	115,499
2	20,001	-	25,000	Shares	41,700
1	25,001	-	30,000	Shares	26,000
2	30,001	-	40,000	Shares	77,000
2	40,001	-	50,000	Shares	95,003
2	50,001	-	60,000	Shares	104,333
1	60,001	-	70,000	Shares	60,500
1	70,001	-	100,000	Shares	100,000
1	100,001	-	130,000	Shares	124,500
3	130,001	-	150,000	Shares	440,500
1	150,001	-	170,000	Shares	167,449
2	170,001	-	220,000	Shares	434,320
1	220,001	-	250,000	Shares	242,500
1	250,001	-	280,000	Shares	262,815
4	280,001	-	300,000	Shares	1,146,000
1	300,001	-	400,000	Shares	348,800
1	400,001	-	500,000	Shares	409,500
2	500,001	-	600,000	Shares	1,091,000
2	600,001	-	700,000	Shares	1,344,944
3	900,001	-	1,300,000	Shares	3,835,911
1	1,300,001	-	2,500,000	Shares	2,367,637
1	2,500,001	-	3,800,000	Shares	3,702,637
1	3,800,001	-	3,900,000	Shares	3,874,459
1157	**TOTAL**				**21,400,000**

Form 34

THE COMPANIES ORDINANCE, 1984
(Section 236(1) and 464)

PATTERN OF SHAREHOLDING

5.	Categories of Shareholders	Shares held	Percentage
5.1	Directors, Chief Executive Officer, their spouses and minor children	6,000	0.03%
5.2	Associated Companies, undertakings and related parties	4,746,259	22.18%
5.3	NIT and ICP	56,400	0.26%
5.4	Banks, Development Financial Institutions, Non-Banking Finance Companies	60,500	0.28%
5.5	Insurance Companies	73,633	0.34%
5.6	Modarabas and Mutual Funds	-	0.00%
5.7	Shareholders holding 5%	14,653,444	68.47%
5.8	General Public		
	a. Local	15,755,137	73.62%
	b. Foreign	1,865	0.01%
5.9	Others (Joint Stock Companies, Brokrage Houses, Employees Funds & Trustees)	700,206	3.27%

Form of Proxy

I/We ____ ___
of ____ being ___
a member(s) 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 ____ ____
or falling him ____ ___
of ____ ____
who is also member of **Dewan Automotive Engineering Limited** vide Registered Folio No. / CDC Participant's ID and Account No. __________________________ as my/our proxy to vote for me/us
and ____
on my/our behalf at the 33rd Annual General Meeting of the Company to be held on Wednesday, January 31, 2018 at 12:00 noon and my adjournment thereof.

Signed this ________________day of ____________2018.

AFFIX
REVENUE
STAMP
RS. 5/-

Signature ______________________

Witness: ______________________
Signature
Name: ______________________
Address: ______________________
____

Witness: ______________________
Signature
Name: ______________________
Address: ______________________
____

IMPORTANT:

1. A proxy should also be a member of the company.
2. A member of the Company entitled to attend and vote all meeting, may appoint another member as his/her proxy to attend and vote instead of him/her.
3. Proxies, In order to be effective, must be received by the Company, duly completed, at our Shares Regisrar Transfer Agent BMF Consultants Pakistan (Private) Limited, located at Anum Estate Building, Room # 301 & 311, 3rd Floor, 49, Darul Anum Society, Main Shahrah-e-Faisal, Adjacent to Baloch Colony Bridge, Karachi, Pakistan, not later than 48 hours before the meeting.
4. **Further Instructions for CDC Account holders:**
   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 the proxy form as per the above requirements.
   ii) Two perons, 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 alongwith the proxy form.
   iv) The proxy shall produce his/her original CNIC or original at the time of meeting.
   v) In case of corporate entity, the Board of Directors' resolution/power of attorney, alongwith the specimen signature of the nominee, shall be produced (unless it has been provided earlier) alongwith the proxy form to the Company.