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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 Fourth Annual General Meeting of **Dewan Automotive Engineering Limited ("DAEL" or "the Company")** will be held on **Wednesday, January 31, 2018**, at 02:00 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:

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, 2016, 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, 2017, 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, 2016 and welcomes you to the thirty-fourth Annual General Meeting.

Financial Overview

The summary of financial performance for the year, along with the comparative figures of financial year 2015 is as follows:

	June 30, 2016	June 30, 2015
	(Rupees in '000)	
Gross Sales	-	-
Gross (loss)	(29,690)	(32,114)
Operating (loss)	(53,607)	(63,181)
Net (loss) after tax	(64,807)	(113,790)

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 28.1 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, 2016, 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, 2016 and accounting estimates are based on reasonable and prudent judgment.

DEWAN AUTOMOTIVE ENGINEERING LIMITED

- 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 19 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;

Name of Directors	No of meetings attended
Mr. Haroon Iqbal	1
Mr. Aziz-ulHaque	1
Mr. Waseem-ul-Haque Ansari	1
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 meeting 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. 3.03

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, 2016 is included in the Annual Report.

Trading in Company Shares

None of the Directors, 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	2016	2015	2014	2013	2012	2011
 Rs. in '000'					
Gross Sales	-	-	47,922	-	-	14,688
Net Sales	-	-	40,797	-	-	12,465
Gross (Loss) / Profit	(29,690)	(32,114)	(19,142)	(34,416)	(39,565)	(58,631)
Operating (loss)/profit	(53,607)	(63,181)	(62,567)	(136,168)	(71,160)	(211,091)
(los) / profit before tax	(67,681)	(117,024)	(108,903)	282,127	(187,661)	(211,085)
(los) / profit after tax	(64,807)	(113,790)	(105,264)	284,975	(197,438)	(208,072)
Retained Earnings	178,184	656,994	387,663	370,456	242,150	177,062
Share Capital	214,000	214,000	214,000	214,000	214,000	214,000
Shareholders Equity	(1,149,977)	(1,072,573)	(1,234,680)	(1,153,688)	(1,572,498)	(1,450,232)
Fixed Assets	312,748	340,011	370,313	404,313	403,929	461,228
Total Assets	387,105	974,725	761,488	814,778	803,178	866,464
FINANCIAL ANALYSIS						
Gross (loss)/profit Margin	-	-	-46.92%	-	-	-470.37%
Operating (loss) /profit Margin	-	-	-153.36%	-	-	-1693.47%
(loss)/profit before tax	-	-	266.93%	-	-	-1693.42%
(loss) / profit after tax	-	-	-258.01%	-	-	-1669.25%
Return on Investment						
(Loss) / Earnings per share before tax (Rs/Share)	(3.16)	(5.47)	(5.08)	13.18	(8.77)	(9.86)
(Loss) / Earnings per share after tax (Rs/Share)	(3.03)	(5.31)	(4.91)	13.31	(9.22)	(9.72)
Activity Ratios						
Sales to Total Assets-Times	-	-	0.05	-	-	0.01
Sales to Fixed Assets-Times	-	-	0.11	-	-	0.02
Liquidity Ratios						
Current ratio (excluding current maturity of LTL)	0.05	0.34	0.21	0.23	0.21	0.021
Current ratio (Including current maturity of LTL)	0.05	0.34	0.21	0.22	0.21	0.021
Book value per share (Rs.)	(0.01)	(0.02)	(0.01)	(0.02)	(0.01)	(0.01)

Statement Of Compliance with The Code Of Corporate Governance For the Year Ended June 30, 2016

The statement is being presented to comply with the Code of Corporate Governance ("CCG") contained in the Listing Regulation No. 5.19.23 of the Rule Book of Pakistan Stock Exchange Limited ('PSX'), 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, 2016, 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 NBF1 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



C-88, Ground Floor, KDA Scheme No. 1, Telephone : (021) 34301966
Main Karsaz Road, Opp. Maritime : (021) 34301967
Museum, Karachi-75350 : (021) 34301968
E-mail: info@fac.com.pk : (021) 34301969
Fax : (021) 34301965

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 2016 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;

- c) The Chairman of the audit committee is not an independent director due to the reason referred in paragraph (a) above;
- d) Executive directors are more than one third of the elected directors, including the Chief Executive.

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 2016.

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



C-88, Ground Floor, KDA Scheme No. 1, Telephone : (021) 34301966
Main Karsaz Road, Opp. Maritime : (021) 34301967
Museum, Karachi-75350 : (021) 34301968
E-mail: info@fac.com.pk : (021) 34301969
Fax : (021) 34301965

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of DEWAN AUTOMOTIVE ENGINEERING LIMITED ('the Company') as at 30 June 2016 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. 64.807 million during the year ended June 30, 2016, and, as of that date it has accumulated losses of Rs.1,542.161 million which have resulted in net capital deficiency of Rs.1,149.977 million and its current liabilities exceeded its current assets by Rs. 1,261.998 million and total assets by Rs. 939.110 million and operations of the Company are closed. The Company is placed on defaulters' counter of Pakistan Stock Exchange Limited and trading of its shares was suspended. 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.5.279 million (Up to 30 June 2015: Rs.52.536 million) (refer note 28.1) 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.5.279 million and markup payable would have been higher and shareholders' equity would have been lower by Rs.57.816 million.

- c) The liability for staff retirement benefits reflected in these financial statements amounting to Rs. 16.445 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. 125.295 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 2016 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 At June 30, 2016

	Note	2016	2015
------(Rs. in '000)-----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	312,748	340,011
Available for sale investment	5	7,120	7,600
Long term deposits		3,020	3,020
CURRENT ASSETS			
Stock in trade	6	39,097	55,854
Trade debts	7	1,397	1,397
Advances - Considered good	8	4,974	4,973
Other receivables	9	16,008	16,008
Advance income tax		2,598	2,576
Available for sale investments - At fair value	10	--	543,150
Cash and bank balances	11	143	136
		64,217	624,094
		387,105	974,725
EQUITY AND LIABILITIES			
AUTHORIZED SHARE CAPITAL			
21,800,000 (2015: 21,800,000) Ordinary shares of Rs.10/- each		218,000	218,000
Issued, subscribed and paid-up share capital	12	214,000	214,000
Reserves - Net	13	178,184	656,994
Accumulated losses		(1,542,161)	(1,943,567)
		(1,149,977)	(1,072,573)
Surplus on revaluation of property, plant and equipment	14	73,243	79,350
NON-CURRENT LIABILITIES			
Long term loans - Unsecured	15	81,902	66,739
Deferred liability for staff gratuity	16	16,445	16,158
Deferred taxation	17	39,277	42,151
Long term loan - Secured	18	--	-
CURRENT LIABILITIES			
Trade and other payables	19	368,916	372,013
Mark-up accrued		741,152	721,752
Short term finance	20	204,897	728,635
Overdue portion of loans - Secured	21	11,250	17,500
Current portion of long term loan	18	--	3,000
		1,326,215	1,842,900
CONTINGENCIES	22	--	-
		387,105	974,725

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, 2016

	Note	2016 ------(Rs. in '000)-----	2015
Sales - Net		--	-
Cost of sales	23	<u>(29,690)</u>	<u>(32,114)</u>
Gross loss		(29,690)	(32,114)
Operating expenses			
Distribution expenses	24	<u>(545)</u>	<u>(602)</u>
Administrative expenses	25	<u>(6,135)</u>	<u>(6,527)</u>
Other expenses	26	<u>(17,237)</u>	<u>(23,938)</u>
		<u>(23,917)</u>	<u>(31,067)</u>
Operating loss		(53,607)	(63,181)
Other income	27	10,116	10,109
Finance cost	28	(24,190)	(63,952)
Loss before taxation		<u>(67,681)</u>	<u>(117,024)</u>
Taxation - Net	29	2,874	3,234
Loss for the year		<u>(64,807)</u>	<u>(113,790)</u>
Loss per share - Basic and diluted (Rupees)	30	<u>(3.03)</u>	<u>(5.32)</u>

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



Haroon Iqbal
Chief Executive Officer



Muhammad Naemuddin Malik
Director

Statement of Comprehensive Income

For The Year Ended June 30, 2016

	2016	2015
	----- (Rs. in '000) -----	
Loss for the year	(64,807)	(113,790)
Other comprehensive income for the year:		
Changes in fair values of available for sale investment	(18,704)	269,331
Transfer from surplus on revaluation of fixed assets in respect of incremental depreciation	8,981	9,801
Related deferred tax	(2,874)	(3,235)
	6,107	6,566
Component of comprehensive income not reflected in equity	--	-
Total comprehensive (loss) / income for the year	<u>(77,404)</u>	<u>162,107</u>

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, 2016

Note	2016	2015
	------(Rs. in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(67,681)	(117,024)
Adjustment for non cash charges and other items		
Depreciation	27,263	30,086
Provision for slow moving and obsolescence stocks	17,237	23,938
Impairment in investment	480	-
Reversal of impairment on investment	--	(240)
(Gain) on disposal of fixed assets	--	(408)
Unwinding of discount / present value adjustment - Net	(7,078)	(1,578)
Liability no longer payable written back	(3,034)	(7,861)
Provision for gratuity	287	287
Amortization of deferred cost and intangibles	--	194
Finance cost	24,190	63,952
Cash outflows before working capital changes	(8,336)	(8,654)
Working capital changes		
(increase)/decrease in current assets		
Stock in trade	(480)	-
Trade debts	--	2,048
Advances	(1)	(36)
Increase/(decrease) in current liabilities		
Trade and other payables	(3,097)	7,895
	(3,578)	9,907
Net cash (used in) / generated from operations	(11,914)	1,253
Payments for:		
Finance cost	(1,756)	(1,046)
Income tax	(22)	(151)
Gratuity	--	(119)
Net cash (outflows) from operating activities	(13,692)	(63)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale proceed of disposal of fixed assets	--	624
Net cash inflows from investing activities	--	624
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loan from director	22,241	11,650
Net movement in short term finance	708	-
Payment of long term loan	(9,250)	(12,250)
Net cash inflows / (outflows) from financing activities	13,699	(600)
Net increase / (decrease) in cash and cash equivalents	7	(39)
Cash and cash equivalents at the beginning of the year	136	175
Cash and cash equivalents at the end of the year	143	136

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



Haroon Iqbal
Chief Executive Officer



Muhammad Naemuddin Malik
Director

Statement Of Changes In Equity

For The Year Ended June 30, 2016

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 13.2)	General reserve	Accumulated losses	

----- (Rupees in '000) -----

Balance as on 1 July 2014	214,000	82,090	209,479	86,194	9,900	(1,836,343)	(1,234,680)
Total comprehensive income 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 income 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)
Total comprehensive (loss) for the year							
Loss for the year	-	-	-	-	-	(64,807)	(64,807)
Net change in fair value of available-for-sale investment	-	-	(18,704)	-	-	-	(18,704)
Unrealized gain transfer to equity	-	-	(460,106)	-	-	460,106	-
Incremental depreciation transfer from surplus on revaluation of property, plant and equipment - Net of tax	-	-	-	-	-	6,107	6,107
Total comprehensive loss for the year	-	-	(478,810)	-	-	401,406	(77,404)
Balance as at 30 June 2016	214,000	82,090	-	86,194	9,900	(1,542,161)	(1,149,977)

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



Haroon Iqbal
Chief Executive Officer



Muhammad Naemuddin Malik
Director

Notes To The Financial Statements

For The Year Ended June 30, 2016

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.64.807 million (2015: Rs.113.790 million) during the year ended 30 June 2016, and, as of that date it has accumulated losses of Rs.1,542.161 million (2015: Rs.1,943.567 million) which have resulted in net capital deficiency of Rs.1,149.977 million (2015: Rs.1,072.573 million) and its current liabilities exceeded its current assets by Rs.1,261.998 million (2015: Rs.1,218.806 million) and total assets by Rs.939.110 million (2015: Rs.868.175 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 liabilities 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-profiling of the debts with a lender. Therefore, the management is confident that the proposal will be accepted by the lender and pending 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 28.1 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, 2016

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 amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IFRS 2 Share-based Payments - Classification and Measurement of Share-based Payments Transactions (Amendments)	1 January 2018
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates - Investment Entities: Applying the Consolidation Exception (Amendment)	1 January 2016
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	1 January 2016
IAS 1 Presentation of Financial Statements - Disclosure Initiative (Amendment)	1 January 2016
IAS 7 Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	1 January 2017
IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	1 January 2017
IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	1 January 2016
IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	1 January 2016

Notes To The Financial Statements

For The Year Ended June 30, 2016

IAS 27 - Separate Financial Statements - Equity Method in "Separate Financial Statements"

1 January 2016

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 1 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or interpretation	Effective date (annual periods beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	1 January 2018
IFRS 14 - Regulatory Deferral Accounts	1 January 2016
IFRS 15 - Revenue from Contracts with Customers	1 January 2018
IFRS 16 - Leases	1 January 2019

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 16).
- ii) Revaluation of property, plant and equipment (note no. 14).
- iii) Taxation (notes no. 3.14 and 29).

Notes To The Financial Statements

For The Year Ended June 30, 2016

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, 2016

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, 2016

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, 2016

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	2016	2015
		----- (Rs. in '000) -----	
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - At cost less accumulated depreciation	4.1	<u><u>312,748</u></u>	<u><u>340,011</u></u>

Notes To The Financial Statements

For The Year Ended June 30, 2016

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

----- 2 0 1 6 -----

PARTICULARS	COST / REVALUATION				DEPRECIATION				Book value as at 30 June 2016	Rate %
	As at 1 July 2015	Additions during the year	(Deletions)	As at 30 June 2016	As at 1 July 2015	(On disposals)	Charge for the year	As at 30 June 2017		
----- (Rupees in '000) -----										
Freehold land	2,400	-	-	2,400	-	-	-	-	2,400	-
Factory building on freehold land										
Cost	122,502	-	-	122,502	37,667	-	4,241	41,908	80,594	5 to 10
Revaluation	91,061	-	-	91,061	30,073	-	3,049	33,122	57,939	5
Plant and machinery										
Cost	228,366	-	-	228,366	120,902	-	10,747	131,649	96,717	10
Revaluation	95,734	-	-	95,734	35,360	-	6,037	41,397	54,337	10
Computer and allied	3,293	-	-	3,293	3,068	-	32	3,100	193	10 to 30
Furniture and office equipment	25,830	-	-	25,830	17,552	-	829	18,381	7,449	10
Motor vehicles	64,577	-	-	64,577	56,758	-	1,564	58,322	6,255	20
Tools and equipment	11,104	-	-	11,104	7,584	-	352	7,936	3,168	10
Refrigerators and air conditioners	1,506	-	-	1,506	1,212	-	30	1,242	264	10
Electrical appliances	318	-	-	318	205	-	11	216	102	10
Jigs and fixtures	735	-	-	735	578	-	16	594	141	10
Electrical fittings	6,494	-	-	6,494	3,874	-	262	4,136	2,358	10
Dies	4,205	-	-	4,205	3,286	-	92	3,378	827	10
Patterns	112	-	-	112	107	-	1	108	4	20
TOTAL	658,237	--	--	658,237	318,226	--	27,263	345,489	312,748	

----- 2 0 1 5 -----

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	

Notes To The Financial Statements

For The Year Ended June 30, 2016

	Note	2016	2015
		----- (Rs. in '000) -----	
4.2 Depreciation for the year has been allocated as follows:			
Cost of sales	23	25,627	28,281
Distribution expenses	24	545	602
Administrative expenses	25	1,091	1,203
		<u>27,263</u>	<u>30,086</u>

5 AVAILABLE FOR SALE INVESTMENT

Investment in associated company Dewan Mushtaq Trade Limited (Public, unquoted company) 4,000,000 (2015: 4,000,000) Ordinary shares of Rs. 10/- each		40,000	40,000
Accumulated impairment loss on investment		(32,880)	(32,400)
		<u>7,120</u>	<u>7,600</u>

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.

6 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
		<u>164,392</u>	<u>164,392</u>
Provision for slow moving and obsolescence stocks	6.1	(125,295)	(108,538)
		<u>39,097</u>	<u>55,854</u>

6.1 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	83,502	2,235	2,918	19,883	108,538
Provision for the year	13,308	140	195	3,114	16,757
Closing provision	<u>96,810</u>	<u>2,375</u>	<u>3,113</u>	<u>22,997</u>	<u>125,295</u>

Notes To The Financial Statements

For The Year Ended June 30, 2016

	2016	2015
	----- (Rs. in '000) -----	
7 TRADE DEBTS		
Considered good	1,397	1,397
Considered doubtful	1,267	1,267
	<u>2,664</u>	<u>2,664</u>
Provision for doubtful debts	(1,267)	(1,267)
	<u>1,397</u>	<u>1,397</u>
8 ADVANCES - Considered good		
Employees	4,974	4,896
Other advances	--	77
	<u>4,974</u>	<u>4,973</u>
9 OTHER RECEIVABLES		
Sales tax receivable	<u>16,008</u>	<u>16,008</u>
10 AVAILABLE FOR SALE INVESTMENTS - At fair value		
In associated companies:		
Dewan Cement Limited (DCL)		
Nil (2015: 37,407,000) Ordinary shares of Rs.10/- each @17.3535	--	649,142
Accumulated impairment	--	(584,802)
Unrealized gain due to changes in fair values	--	478,810
	<u>--</u>	<u>543,150</u>
Percentage of equity held	<u>--</u>	<u>9.61%</u>
Market value per share as at 30 June	<u>--</u>	<u>14.52</u>
10.1 During the year the Company transferred its entire holding in Dewan Cement Limited (37,407,000 shares) to Dewan Farooq Motors Limited at a fair value of Rs.524.446 million against its short term finance (note 20.3).		
11 CASH AND BANK BALANCES		
Cash in hand	14	14
Cash at banks - Current and saving accounts	129	122
	<u>143</u>	<u>136</u>

Notes To The Financial Statements

For The Year Ended June 30, 2016

12 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2016 ----- (Number of shares) -----	2015		2016 ----- (Rs. in '000) -----	2015
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
<u>21,400,000</u>	<u>21,400,000</u>		<u>214,000</u>	<u>214,000</u>

13 RESERVES - Net

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

13.2 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.

14 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2016 ----- (Rs. in '000) -----	2015
Balance as at 1 July	79,350	85,916
Incremental depreciation charged on related assets during the year - Net of tax	(6,107)	(6,566)
	<u>73,243</u>	<u>79,350</u>

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.

Notes To The Financial Statements

For The Year Ended June 30, 2016

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
	<u>342,734</u>	<u>377,635</u>	<u>34,901</u>

	Note	2016	2015
----- (Rs. in '000) -----			
15 LONG TERM LOAN - Unsecured			
From director - At amortized cost			
Loan received - Opening	15.1	224,739	213,089
Received during the year		22,241	11,650
Present value adjustment		(211,509)	(196,643)
Interest charged to profit and loss account		46,431	38,643
		<u>81,902</u>	<u>66,739</u>

15.1 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.

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.

		2016	2015
----- (Rs. in '000) -----			
16 DEFERRED LIABILITY FOR STAFF GRATUITY			
Employees retirement benefits	16.1	<u>16,445</u>	<u>16,158</u>
16.1 Movement in the net liability for staff gratuity			
Opening liability		16,158	15,990
Provision for the year		287	287
Paid during the year		--	(119)
		<u>16,445</u>	<u>16,158</u>

16.2 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.

Notes To The Financial Statements

For The Year Ended June 30, 2016

	Note	2016	2015
		------(Rs. in '000)-----	
17 DEFERRED TAXATION			
Deferred tax liability arising out of surplus on revaluation of property plant and equipment		39,277	42,151
17.1 Company has not recognized deferred tax asset amounting to Rs.648.909 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.			
18 LONG TERM LOAN - Secured			
Opening balance / settled liability		3,000	9,000
Payments during the year		(3,000)	(6,000)
		--	3,000
Transfer to current maturity		--	(3,000)
Closing balance		--	-
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. During the year under consideration, the entire liability has been paid off and the Company has obtained waiver of mark-up of Rs.3.034 million which has been taken into other income.			
19 TRADE AND OTHER PAYABLES			
Trade creditors		304,296	307,828
Accrued expenses		17,565	17,130
Advance from dealers		39,989	39,989
Advance from customers		1,573	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	165
Interest on Workers' Profit Participation Fund		47	47
		368,916	372,013
20 SHORT TERM FINANCE			
From financial institutions - Secured			
Short term running finance	20.1	49,310	49,310
From related party (associated company) - Unsecured			
Interest bearing	20.2	154,879	679,325
Temporary book overdraft		708	-
		204,897	728,635

Notes To The Financial Statements

For The Year Ended June 30, 2016

20.1 This represents short term bank borrowing from a commercial bank against limit of Rs.50 million (2015: Rs. 50 million) at mark-up rate ranging from 2% over 6 months KIBOR (2015: 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 22.1 to the financial statements.

20.2 This is an unsecured finance from associated company, which carries mark-up @ 15.62% per annum (2015: @ 7.05% per annum).

20.3 During the year the Company settled its loan to the extent of Rs.524.446 million by giving 37,407,000 shares of Dewan Cement Limited, held by the Company (note 10.1).

21 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 22.1 to the financial statements.

During the year ended 2015, 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.2.550 million each over a period of one and half year, with first quarterly installment falling due on 31 December 2014. The entire liability of Saudi Pak Industrial and Agricultural Investment Company (Pvt) Limited has been paid during the year.

22 CONTINGENCIES

22.1 In respect of liabilities towards banks / financial institutions disclosed in note 20.1 and 21 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.81.282 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 ended 2015, a settlement has been reached with one of the financial institution for restructuring of liabilities as disclosed in note 21.

Notes To The Financial Statements

For The Year Ended June 30, 2016

		2016	2015
		------(Rs. in '000)-----	
23 COST OF SALES			
Depreciation	4.2	25,627	28,281
Salaries, wages and benefits		3,357	2,433
Traveling and vehicles running		507	693
Generator fuel		94	407
Communication		57	81
Repairs and maintenance		34	18
Security expense		7	11
Cartage and freight		--	27
Printing, Stationary and office supplies		3	13
Miscellaneous		4	150
Manufacturing cost		29,690	32,114
Work-in-process - Opening		2,701	2,701
Work-in-process - Closing		(2,701)	(2,701)
		--	-
		29,690	32,114
Finished goods - Opening		33,830	33,830
Finished goods - Closing		(33,830)	(33,830)
		--	-
Cost of goods manufactured		29,690	32,114
24 DISTRIBUTION EXPENSES			
Depreciation	4.2	545	602
25 ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits		3,458	3,555
Depreciation	4.2	1,091	1,203
Auditor's remuneration	25.1	450	450
Traveling and vehicles running		415	538
Legal and professional		307	85
Fees and subscription		235	218
Rent, rates and taxes		95	96
Communication		60	69
Repairs and maintenance		11	31
Utilities		10	22
Printing, stationary and office supplies		2	9
Miscellaneous		1	9
Amortization of deferred cost		--	194
Insurance		--	48
		6,135	6,527

Notes To The Financial Statements

For The Year Ended June 30, 2016

		2016	2015
		------(Rs. in '000)-----	
25.1 Auditor's remuneration			
	Audit fee	300	300
	Review reports	150	150
		450	450
26 OTHER EXPENSES			
	Impairment in investment	5 480	-
	Provision for slow moving and obsolescence stocks	6.1 16,757	23,938
		17,237	23,938
27 OTHER INCOME			
	Gain on disposal of fixed assets	--	408
	Unwinding of discount / present value adjustment - Net	7,078	1,578
	Liability no longer payable written back	3,034	7,861
	Interest income	4	22
	Reversal of impairment in investment	5 --	240
		10,116	10,109
28 FINANCE COST			
	Mark-up on borrowings from related parties	24,189	62,906
	Mark-up due to settlement	--	1,044
	Bank charges	1	2
		24,190	63,952
28.1 Company has not made the provision of mark-up for the year amounting to Rs.5.279 million (Up to 30 June 2015: Rs.52.536 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.5.279 millions and accrued mark-up would have been higher and shareholders' equity would have been lower by Rs.57.816 million. The said non provisioning is departure from the requirements of IAS-23 'Borrowing Costs'.			
29 TAXATION - Net			
	Current tax		
	Current year	29.1 --	-
	Deferred	(2,874)	(3,234)
		(2,874)	(3,234)

Notes To The Financial Statements

For The Year Ended June 30, 2016

29.1 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.

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

	2016	2015
	----- (Rs. in '000) -----	
30 LOSS PER SHARE - Basic and diluted		
Loss after taxation attributable to ordinary shareholders	<u>(64,807)</u>	<u>(113,790)</u>
	----- (Number of shares) -----	
Weighted average number of ordinary shares outstanding during the year	<u>21,400,000</u>	<u>21,400,000</u>
	----- (Rupees) -----	
Loss per share - Basic	<u>(3.03)</u>	<u>(5.32)</u>

30.1 A diluted loss per share has not been presented as the Company does not have any convertible instruments in issue as at 30 June 2016 and 30 June 2015 which would have any effect on the earnings per share if the option to convert is exercised.

31 REMUNERATION OF DIRECTORS AND EXECUTIVES

	<u>2016</u>				<u>2015</u>			
	<u>Director</u>	<u>Chief Executive</u>	<u>Executives</u>	<u>Total</u>	<u>Director</u>	<u>Chief Executive</u>	<u>Executives</u>	<u>Total</u>
	----- (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
	-	-	<u>3,360</u>	<u>3,360</u>	-	-	<u>3,360</u>	<u>3,360</u>
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.

Notes To The Financial Statements

For The Year Ended June 30, 2016

32 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 31 to the financial statements. Transaction with related parties, other than those which have been specifically disclosed elsewhere in these financial statements, are as follows: -

	2016	2015
	----- (Rs. in '000) -----	
Associated companies:		
Mark-up expense settled from associated undertaking	24,189	62,906
Loan settled from associated undertaking	524,446	-
Shares against loan settlement	524,446	-

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

	2016	2015
	----- (Numbers) -----	

33 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.

34 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

Notes To The Financial Statements

For The Year Ended June 30, 2016

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.

34.1 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:

	2016	2015
	----- (Rs. in '000) -----	
Trade debts	1,397	1,397
Long term deposit	3,020	3,020
Advances	4,974	4,973
Bank balances	129	122
	<u>9,520</u>	<u>9,512</u>

34.2 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) -----					
2016						
Non-derivative financial liabilities						
Long term loans	81,902	246,980	-	-	-	246,980
Trade and other payables	362,042	362,042	362,042	-	-	-
Accrued mark-up	741,152	741,152	741,152	-	-	-
Short term finance	204,897	211,697	211,697	-	-	-
Overdue portion of loans	11,250	11,707	11,707	-	-	-
	<u>1,401,243</u>	<u>1,573,578</u>	<u>1,326,598</u>	<u>-</u>	<u>-</u>	<u>246,980</u>
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	763,805	763,805	-	-	-
Short term finance	728,635	762,594	762,594	-	-	-
Overdue portion of loans	17,500	18,298	18,298	-	-	-
	<u>1,902,765</u>	<u>2,137,574</u>	<u>1,912,835</u>	<u>-</u>	<u>-</u>	<u>224,739</u>

Notes To The Financial Statements

For The Year Ended June 30, 2016

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.

34.3 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:

	2016	2015
	----- (Rs. in '000) -----	
Variable rate instruments at carrying amounts:		
Financial liabilities		
Overdue portion of loans	11,250	20,500
Short term finance	204,897	728,635
	<u>216,147</u>	<u>749,135</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 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	2,161	7,491
Decrease	(2,161)	(7,491)

Notes To The Financial Statements

For The Year Ended June 30, 2016

34.4 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.

34.5 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.

35 NUMBER OF EMPLOYEES

Number of persons employed as at year end were 18 (2015 : 24) and the average number of persons employed during the year were 19 (2015 : 25)

36 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.

37 GENERAL

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



Haroon Iqbal
Chief Executive Officer



Muhammad Naeemuddin Malik
Director

Pattern of Shareholding under Regulation 37(xx)(i) of the Code of Corporate Governance

as at June 30, 2016

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	1,127	15,757,002	73.63%
TOTAL		1,156	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.

**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 **30.06.2016**

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
	143	1,001	-	5,000	Shares	375,183
	27	5,001	-	10,000	Shares	218,532
	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	-	200,000	Shares	167,449
	1	200,001	-	220,000	Shares	216,370
	2	220,001	-	250,000	Shares	460,450
	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
	1156	TOTAL				21,400,000

**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 34th Annual General Meeting of the Company to be held on Wednesday,
January 31, 2018 at 02:00 p.m. and my adjournment thereof.

Signed this _____ day of _____ 2018.



Signature _____

Witness: _____
Signature

Witness: _____
Signature

Name: _____
Address: _____

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 Registrar 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 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 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.

