

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

8. Contingencies

There is no material change in the contingencies and commitments since the last audited financial statements as at June 30, 2012.

9. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 "Interim Financial Reporting", balance sheet has been compared with the balances of annual financial statements, whereas profit and loss account, cash flow statement and statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.

10. Date of authorization for issue

The financial statements were approved by the board of directors and authorized for issue on October 31, 2012.

11. General

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





Dewan Muhammad Yousuf Farooqui
Chief Executive Officer & Chairman



Dewan Abdul Rehman Farooqui
Director

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	Quarter September 30, 2012	Year ended June 30, 2012
(Rs. In '000)		
5. OPERATING FIXED ASSETS		
5.1 Detail of disposal during the period are as follows:		
Lease hold land	--	21,000
	--	-
6. INVESTMENT - AVAILABLE FOR SALE - At fair value		
Investment in Ordinary shares of Dewan Cement Limited (DCL) - associated undertaking 37,407,000 ordinary shares of Rs. 17.35 each	649,142	649,142
Accumulated impairment	(584,802)	(584,802)
Un-realized gain / (Loss) due to change in fair value	118,954	63,966
	<u>183,294</u>	<u>128,306</u>
Market Value (Rupees per Share)	<u>4.90</u>	<u>3.43</u>
Percentage of equity held	<u>10.47%</u>	<u>10.47%</u>
6.1 Share price of DCL's share as at 31th October, 2012 was Rs.4.67 per share.		
7. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS / RELATED PARTIES		
	September, 30 2012	June, 30 2012
Associated Companies		
Markup expense	27,258	111,905

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED 30, SEPTEMBER 2012**

1. Dewan Automotive Engineering Ltd is a public Limited Company quoted on stock exchanges in Karachi (trading in defaulter counter) and Lahore. The company's business is the assembly-cum progressive manufacture and sale of tractors, light commercial vehicles and motorcycles and trading/manufacturing of parts and implements related thereto. The company was incorporated on May 6, 1982 and commenced commercial operations in August, 1983. The Company was taken over by Dewan Mushtaq Group in April 2004.
2. These condensed Interim financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and are being submitted to shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984. The Interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the company's annual financial statements for the year ended June 30, 2012.
3. These condensed Interim financial statements have been prepared using the same accounting policies and method of computation as were applied in preparing the financial statements for the year ended June 30, 2012.
4. The significant assumptions and estimates adopted in the preparation of these financial statements are the same as those of the last published financial statements for the year ended June 30, 2012.

COMPANY INFORMATION

BOARD OF DIRECTORS	<p><u>Executive Director</u> Dewan Muhammad Yousuf Farooqui CEO & Chairman Board of Directors</p> <p><u>Non-Executive Directors</u> Dewan Asim Mushfiq Farooqui Dewan Abdullah Ahmed Dewan Abdul Baqi Farooqui Dewan Abdul Rehman Farooqui Mr. Haroon Iqbal</p> <p><u>Independent Director</u> Mr. Azizul Haque</p>
COMPANY SECRETARY	: Muhammad Naeemuddin Mailk
AUDIT COMMITTEE	: Dewan Abdul Rehman Farooqui Chairman Mr. Haroon Iqbal Member Mr. Azizul Haque Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	: Mr. Haroon Iqbal Chairman Dewan Muhammad Yousuf Farooqui Member Mr. Azizul Haque Member
AUDITORS	: Faruq Ali & Company Chartered Accountants House No. 222-A, K.M.C.H. Society Justice Inamullah Road, Hill Park, Karachi. Ph: 021-4301966-69 Fax: 92-21-4301965
LEGAL ADVISORS	: A. K. Brohi
SHARE REGISTRAR/ TRANSFER AGENT	: BMF Consultants Pakistan (Private) Limited Anum Estate Building, Room No. 310 & 311, 3rd Floor, 49, Darul Aman Society, Main Shahrah-e-Faisal, adjacent to Baloch Colony Bridge, Karachi, Pakistan.
BANKERS	: Muslim Commercial Bank Limited KASB Bank Limited Soneri Bank Limited Faysal Bank Limited NIB Bank Limited Summit Bank Limited The Bank of Punjab Habib Bank Limited Bank Islami Pakistan Limited
REGISTERED OFFICE	: Finance & Trade Centre Block-A, 7th Floor, Shahrah-e-Faisal, Karachi
FACTORY	: Plot Nos. A1-A50, Hub Industrial Trading Estate, Hub, District Lasbela, Balochistan Dewan City Sajawal District Thatta, Sindh.
WEBSITE	: www.yousufdewan.com

DIRECTORS' REPORT

IN THE NAME OF ALLAH; THE MOST GRACIOUS AND MERCIFUL
IF YE GIVE THANKS, I WILL GIVE YOU MORE (HOLY QURAN)

The Directors' Report together with the un-audited accounts of the Company for the quarter ended September 30, 2012 is being presented.

During the period under review the Company has incurred an after tax loss of Rs. 38.421 million as compared to Rs. 52.743 million in the corresponding period of last year.

During the period, the operations of the company remained closed due to non availability of banking lines. The management is taking all possible measures, including the revival of motorcycle operations, to come out of this dilemma and expects that the things will be normalized once the re-profiling of debts is finalized, which is under review with the banks and is likely to be closed in a couple of week.

The automobile industry growth rate during the period was 5.86 %. Continued surge in prices of agricultural products is pushing up the former's income; therefore, major demand for motorcycle comes from rural areas. Hike in prices of four wheelers and continued uncertainty in the transportation sector has also contributed to increasing demand for two wheelers. The growth prospects are promising.

We are extremely grateful to our customers, who have maintained their trust, and placed their confidence in our products. We are also thankful to the Engineering Development Board, our employees, dealers and vendors for their guidance, co-operation, continued support and patronage.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED 30, SEPTEMBER 2012

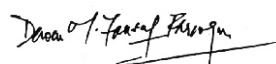
Issued, Subscribe and Paid-up Capital	Capital Reserves			Revenue reserves		Total Rupees	
	Merger reserve	Unrealized (loss) / gain due to change in fair value of Investments	Settlement claim from Ford Motors	General Reserve	Accumulated loss		
Rupees in '000							
Balance as at July 01, 2011	214,000	82,090	(1,122)	86,194	9,900	(2,040,626)	(1,649,564)
Total Comprehensive (loss) for the period							
Loss for the period	--	--	--	--	--	(52,743)	(52,743)
Transfer from surplus on revaluation of fixed assets in respect of incremental depreciation net of tax	--	--	--	--	--	1,295	1,295
Total comprehensive loss for the period	--	--	--	--	--	(51,448)	(51,448)
Balance as at September 30, 2011	214,000	82,090	(1,122)	86,194	9,900	(2,092,074)	(1,701,012)
Balance as at July 01, 2012	214,000	82,090	63,966	86,194	9,900	(2,223,411)	(1,767,261)
Total comprehensive income/ (loss) for the period							
Loss for the period	--	--	--	--	--	(38,422)	(38,422)
Net change in fair value of available for sale financial assets	--	--	54,988	--	--	--	54,988
Transfer from surplus on revaluation of fixed assets in respect of incremental depreciation net of tax	--	--	--	--	--	1,200	1,200
Total comprehensive income/ (loss) for the period	--	--	54,988	--	--	(37,222)	17,766
Balance as at September 30, 2012	214,000	82,090	118,954	86,194	9,900	(2,260,633)	(1,749,495)

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

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30, SEPTEMBER 2012**

	Quarter Ended	
	September 30, 2012	September 30, 2011
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(39,069)	(53,440)
Adjustment for non cash charges and other items		
Depreciation	8,183	9,076
Other charges	--	7,107
Provision for gratuity Net	288	268
Amortization of deferred cost and intangibles	49	2,373
Finance cost	27,259	29,491
Cash outflow before working capital changes	(3,290)	(5,125)
Working capital changes <i>(increase)/decrease in current assets</i>		
Trade debts	--	227
Advances - Considered good	(41)	1,469
<i>Increase/(decrease) in current liabilities</i>	(41)	1,696
Current portion of long term loan	--	--
Trade and other payables	3,985	3,135
	3,944	4,831
Cash generated from operations	654	(294)
Staff gratuity paid	(660)	--
Income tax -Net	(1)	(17)
	(7)	(311)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditures	--	--
Net cash outflow from investing activities	--	--
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan from related parties	1,500	--
Long term loans	(1,500)	--
Short-term finance	(0)	--
Net cash inflow from financing activities	(0)	--
Net (decrease) / increase in cash and cash equivalents	(7)	(311)
Cash and cash equivalents at the beginning of the year	930	724
Cash and cash equivalents at the end of the Period	923	413

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



Dewan Muhammad Yousuf Farooqui
Chief Executive Officer & Chairman

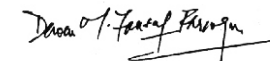


Dewan Abdul Rehman Farooqui
Director

In conclusion, we bow, beg and pray to Almighty Allah, Rahman-o-Rahim, in the name of His beloved Prophet, Muhammad, peace be upon him, for continued showering of His blessing, guidance, strength, health and prosperity to us, our Company, country and nation and also pray to Almighty Allah to bestow peace, harmony, brotherhood and unity in true Islamic spirit to whole of Muslim Ummah, Ameen, SummaAmeen.

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

By and under Authority of the Board of Directors



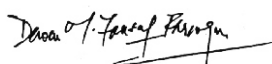
Dewan Muhammad Yousuf Farooqui
Chief Executive Officer & Chairman

Karachi: October 31, 2012

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2012**

ASSETS	Notes	(Unaudited)	(Audited)
		September 30, 2012	June 30, 2012
Rupees in '000			
NON - CURRENT ASSETS			
Property, plant and equipment - At cost less accumulated depreciation	5	371,317	379,500
Deferred cost		531	580
Long term deposits		348	348
CURRENT ASSETS			
Stock in trade		156,429	156,429
Trade debts - Considered good		7,407	7,407
Advances - Considered good		6,437	6,396
Short term prepayments and other receivables		52,055	52,055
Advance income tax		6,799	6,798
Available for sale investments - At fair value	6	183,294	128,306
Cash and bank balances		923	930
		413,344	358,321
Non current assets held for sale		64,429	64,429
		849,969	803,178
EQUITY AND LIABILITIES			
AUTHORIZED SHARE CAPITAL			
21,800,000 ordinary shares of Rs.10/- each		218,000	218,000
Issued, subscribed and paid-up capital		214,000	214,000
Reserves - net		297,138	242,150
Accumulated loss		(2,260,633)	(2,223,411)
		(1,749,495)	(1,767,261)
Surplus on revaluation of property, plant and equipment		74,070	75,271
NON - CURRENT LIABILITIES			
Loan from related parties - Un-secured		724,052	722,552
Deferred liabilities - Staff gratuity		15,047	15,416
Deferred taxation		39,561	40,209
Long term loan - Secured		13,500	15,000
CURRENT LIABILITIES			
Trade and other payables		424,197	420,212
Markup accrued		536,717	509,459
Short term finance - Unsecured		742,570	742,570
Overdue portion of loans - Secured		23,750	23,750
Current portion of long term loan		6,000	6,000
		1,733,234	1,701,991
CONTINGENCIES			
		--	--
		849,969	803,178

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



Dewan Muhammad Yousuf Farooqui
Chief Executive Officer & Chairman

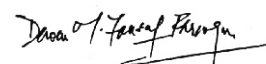


Dewan Abdul Rehman Farooqui
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER ENDED 30, SEPTEMBER 2012**

	Quarter Ended	
	September 30, 2012	September 30, 2011
Rupees in '000		
	Un-Audited	Un-Audited
Sales - Net	--	--
Cost of sales	9,291	11,177
Gross loss	(9,291)	(11,177)
OPERATING EXPENSES		
Distribution expenses	74	432
Administrative expenses	2,445	5,233
Finance cost	27,259	29,491
	29,778	35,156
OPERATING LOSS	(39,069)	(46,333)
Other charges	--	(7,107)
Loss before taxation	(39,069)	(53,440)
Taxation		
	Deferred	(648)
	Current	--
	(648)	(697)
Loss after taxation	(38,421)	(52,743)
Other comprehensive income for the period:		
Profit due to change in fair value of investment	54,988	--
Transfer from surplus on revaluation of fixed assets		
- in respect of incremental depreciation	1,848	1,992
Related deferred tax	(648)	(697)
	1,200	1,295
Total Comprehensive income/ (loss) for the period	17,767	(51,448)
Loss per share - Basic and diluted	(1.80)	(2.46)

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



Dewan Muhammad Yousuf Farooqui
Chief Executive Officer & Chairman



Dewan Abdul Rehman Farooqui
Director