

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



Dewan Automotive Engineering Limited
(formerly Allied Motors Limited)

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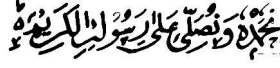
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Dewan Automotive Engineering Limited
(formerly Allied Motors Limited)

COMPANY INFORMATION

BOARD OF DIRECTORS	: Dewan Zia-ur-Rehman Farooqui Chairman Dewan Mohammad Yousuf Farooqui Managing Director / Chief Executive Mrs. Khalida Farooque Dewan Asim Mushfiq Farooqui Dewan Abdullah Ahmed Dewan Abdul Baqi Farooqui Mrs. Hina Yousuf Farooqui
AUDIT COMMITTEE	: Dewan Abdullah Ahmed (Chairman) Dewan Asim Mushfiq Farooqui (Member) Dewan Abdul Baqi Farooqui (Member)
CHIEF FINANCIAL OFFICER	: Farrukh V. Junaidy
COMPANY SECRETARY	: Syed Moonis Abdullah Alvi
AUDITORS	: Faruq Ali & Co. Chartered Accountants 8th Floor, Land Mark Plaza Muhammad Bin Qasim Road, Off I. I. Chundrigarh Road, Karachi
LEGAL ADVISORS	: A.K. Brohi Mandviwala and Zafar
BANKERS	: United Bank Limited Muslim Commercial Bank Limited Habib Bank Limited ABN Amro Bank Zarai Taraqiat Bank Limited PICIC Commercial Bank Limited
REGISTERED OFFICE	: Dewan Centre 3-A, Lalazar, Beach Hotel Road, Karachi-74000, Pakistan
FACTORY	: Plot Nos. A 1 - A 50 Hub Industrial Trading Estate, Hub, District Lasbela (Balochistan)
REGISTRAR	: Gangjees Registrar Services (Pvt.) Limited 513, Clifton Centre, Khayaban-e-Roomi, Block-5, Clifton, Karachi-75600

Dewan Automotive Engineering Limited
(formerly Allied Motors Limited)



DIRECTORS' REPORT

The Directors report together with the un-audited accounts of the Company for the 3rd quarter ended on March 31, 2005 are being presented.

At the time of taking over the company in April 2004, we had CKD available for 390 tractors. These tractors could not be produced without the availability of local components. The local components were not available, in view of the fact that the plant was virtually closed for the last many years. During this period those vendors diverted their production towards other OEMs, thus it was difficult for the company to reestablish relationship which was necessary to ensure regular supply of local components for production and sale of tractors. The long outstanding payments towards creditors were another obstacle in obtaining supply.

We have, Alhamdulillah, reestablished relationship with vendors and have started receiving supplies. This has enabled us to start assembling tractors on the basis of available CKD and have so far produced 42 tractors during this period. It may however be noted that low production could also be attributed to non-availability of local parts at economical prices as the steel prices have increased exorbitantly. Efforts are being made to dispose of remaining tractors expeditiously.

The overall administrative, general, selling, distribution and financial expenses for the period under review were Rs. 27,595 million as compared to Rs. 22,703 million in the corresponding period last year. The loss after taxation was Rs. 38,117 million as compared to Rs. 22,881 million in the corresponding period last year.

FUTURE OUTLOOK

The Government has positioned agriculture as a major sector for development with an assurance that farmers will be provided with more credit. The Agriculture Credit Advisory Committee-ACAC of the State Bank of Pakistan has decided to increase the loan target from Rs. 85 billion to Rs. 100 billion for the fiscal year 2004-2005. The Ministry of Industries and Production has projected the sale of tractors to rise steadily every year to reach 75,000 tractors by the year 2009-2010.

To take full advantage of the expected growth, we are in the process of progressive manufacturing of new range of competitive products which will be available by end 2005, this will Inshallah, make a positive impact on our overall financial position and thus develop a competitive edge for sustainable business operations to accept WTO challenges.

إِنَّ رَبِّي لَسَمِيعُ الدَّعَاءِ — (القرآن)
حقیقت میں میرا رب دعا کا بڑا سننے والا ہے۔

LO-MY LORD INDEED HEARER OF PRAYER (AL-QURAN)

For and on behalf of the board of Directors

Dewan Mohammad Yousuf Farooqui
Managing Director / Chief Executive

Karachi: April 30, 2005


Dewan Automotive Engineering Limited
(formerly Allied Motors Limited)

BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2005

	Note	(Unaudited) March 31, 2005	(Audited) June 30, 2004
(Rs. in '000')			
ASSETS			
NON-CURRENT ASSETS			
Tangible fixed assets			
Operating assets	4	109,224	91,786
Long-term deposits		397	290
CURRENT ASSETS			
Stores and spares		1,799	1,226
Stock - in - trade		73,645	62,779
Trade debts (Unsecured - considered good)		3,267	2,535
Advances, deposits, prepayments and other receivables		24,822	18,530
Cash and bank balances		691	3,821
		104,224	88,891
TOTAL ASSETS		213,845	180,967
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
21,800,000 ordinary shares of Rs.10 each		218,000	218,000
Issued, subscribed and paid-up capital		90,000	90,000
Reserves		96,094	96,094
Accumulated Loss		(280,068)	(245,749)
		(93,974)	(59,655)
Surplus on revaluation of fixed assets		48,357	52,155
NON-CURRENT LIABILITIES			
Term finance- secured		-	123,000
Deferred liability		96	807
CURRENT LIABILITIES			
Short term finance - unsecured		237,154	45,161
Creditors, accrued and other liabilities		22,212	19,499
		259,366	64,660
CONTINGENCIES	5	-	-
		213,845	180,967

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

Karachi
Dated: April 30, 2005


Dewan Mohammad Yousuf Farooqui
Managing Director / Chief Executive


Dewan Abdullah Ahmed
Director

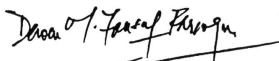
Dewan Automotive Engineering Limited
(formerly Allied Motors Limited)

PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2005

	Jan - Mar 2005 Rs.000	Jan - Mar 2004 Rs.000	Jul 04-Mar 05 Rs.000	Jul 03-Mar 04 Rs.000
Sales-net	3,093	11,729	8,407	24,620
Cost of sales	8,044	11,646	18,929	24,961
Gross profit / (loss)	(4,951)	83	(10,522)	(341)
Operating Expenses				
Administrative and general expenses	7,342	4,822	16,721	12,683
Selling and distribution expenses	1,745	1,212	5,074	6,546
Financial charges	533	1,065	5,800	3,474
	9,620	7,099	27,595	22,703
Operating loss	(14,571)	(7,016)	(38,117)	(23,044)
Other income	-	261	-	286
Loss before taxation	(14,571)	(6,755)	(38,117)	(22,758)
Provision for taxation	-	57	-	123
Net loss after taxation	(14,571)	(6,812)	(38,117)	(22,881)
Accumulated loss brought forward	(266,762)	(229,182)	(245,749)	(213,113)
Transfer from surplus on revaluation of fixed assets	1,265	-	3,798	-
Accumulated loss carried forward	(280,068)	(235,994)	(280,068)	(235,994)
Basic loss per share (Rupees)	(1.62)	(0.76)	(4.24)	(2.54)

The annexed notes form an integral part of these financial statements

Karachi
Dated: April 30, 2005


Dewan Mohammad Yousuf Farooqui
Managing Director / Chief Executive


Dewan Abdullah Ahmed
Director


Dewan Automotive Engineering Limited
(formerly Allied Motors Limited)

CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2005

	Note	March 31, 2005	March 31, 2004
(Rs. in '000')			
CASH GENERATED FORM OPERATIONS			
Loss before taxation		(38,117)	(16,003)
Adjustment for non cash charges and other items :			
Depreciation		7,541	1,537
Financial charges		5,800	2,410
Staff gratuity		-	86
		13,341	4,034
Cash flow used in operating activities before working capital changes		(24,776)	(11,969)
Working capital changes	(a)	(17,032)	11,513
Long-term deposits		(107)	17
Financial charges paid		(4,518)	(2,389)
Staff gratuity paid		(711)	(168)
Net cash (outflow) from operating activities		(47,144)	(2,995)
CASH FLOW FROM INVESTING ACTIVITIES			
Investment in operating assets		(24,980)	(87)
Net cash (outflow) from investing activities		(24,980)	(87)
CASH FLOW FROM FINANCING ACTIVITIES			
Term finance paid		(123,000)	-
Short-term finance - net		191,993	2,456
Net cash inflow from financing activities		68,993	2,456
Net (decrease) in cash and cash equivalents		(3,131)	(627)
Cash and cash equivalents at the beginning of the period		3,821	1,098
Cash and cash equivalents at the end of the period		691	471
(a) Working capital changes			
(increase)/decrease in current assets			
Stores and spares		(573)	-
Stock-in-trade		(10,867)	5,112
Trade debts		(732)	787
Advances, deposits, prepayments and other receivables		(6,292)	(1,037)
		(18,464)	4,862
Increase/(decrease) in current liabilities			
Creditors, accrued and other liabilities		1,432	6,651
		(17,032)	11,513

The annexed notes form an integral part of these financial statements

Karachi
Dated: April 30, 2005


Dewan Mohammad Yousuf Farooqui
Managing Director / Chief Executive


Dewan Abdullah Ahmed
Director

Dewan Automotive Engineering Limited
(formerly Allied Motors Limited)

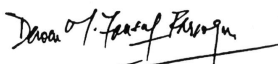
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2005

Issued, subscribed and paid -up capital	Capital Reserve	General Reserve	Accumulated Loss	Total
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----- (Rs. in '000') -----

Balance as at July 01, 2003	90,000	86,194	9,900	(213,113)	(27,019)
Loss after taxation	-	-	-	(22,881)	(22,881)
Balance as at March 31, 2004	90,000	86,194	9,900	(235,994)	(49,900)
Balance as at July 01, 2004	90,000	86,194	9,900	(245,749)	(59,655)
Loss after taxation	-	-	-	(38,117)	(38,117)
Transfer from surplus on revaluation of fixed assets	-	-	-	3,798	3,798
Balance as at March 31, 2005	90,000	86,194	9,900	(280,068)	(93,974)

Karachi
Dated: April 30, 2005


Dewan Mohammad Yousuf Farooqui
Managing Director / Chief Executive


Dewan Abdullah Ahmed
Director

Dewan Automotive Engineering Limited
(formerly Allied Motors Limited)

NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2005

1 Status and nature of business

Dewan Automotive Engineering Ltd (formerly Allied Motors Limited) 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 and trading of parts and implements related thereto. The company was incorporated on May 6, 1982 and commenced commercial operations in August, 1983. The Company has taken over by Dewan Mushtaq Group in April 2004. The name of the company has been changed from August 16, 2004.

2 Basis of presentation

These 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 Company Ordinance, 1984.

3 Accounting policies

The accounting policies and methods of computation adopted in the preparation of financial statements for the year ended June 30, 2004 have been consistently applied in preparation of these financial statements.

(Un-audited) (Audited)
March 31, June 30,
2005 2004

4 Operating assets

(Rs. in '000')

Addition during the period

Leasehold land	15,675	-
Factory building on leasehold land	1,632	1,285
Plant and machinery	657	9
Computer and allied	3,990	137
Furniture and office equipment	735	2,832
Motor vehicles	2,256	1,118
Refrigeration and air conditioners	35	130
	24,980	5,511

Disposal during the period

Computer and allied	-	(42)
Furniture and office equipment	-	(17)
Motor vehicle	-	(1,267)
	-	(1,326)

5 Contingencies

There is no change in contingencies of the company since the last annual balance sheet date.

Dewan Automotive Engineering Limited
(formerly Allied Motors Limited)

March 31, June 30,
2005 2004
(Rs. in '000')

6 Related parties transactions

Related parties of the company comprise associated undertaking and directors. Material transactions with related parties are given below:

Previous management

Financial charges incurred / earned	-	545
Various other expenses incurred	-	87
Hire charges tools and equipments (income)	-	(37)
Repayment of short term loan	-	12,888
Short term finance obtained	-	3,893
Purchase of fixed assets	-	46
Generator repair expenses	-	379

Existing management

Purchase	2,547	1,151
Short term finance - net	187,304	44,010
Various expenses	2,142	-

The above transactions are undertaken on an arm's length basis.


7 Authorization

These financial statements were authorized for issue on April 30, 2005 by the Board of Directors.

8 General

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

Karachi
Dated: April 30, 2005


Dewan Mohammad Yousuf Farooqui
Managing Director / Chief Executive


Dewan Abdullah Ahmed
Director