

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



**Dewan Automotive Engineering Limited**  
*(formerly Allied Motors Limited)*

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**Dewan Automotive Engineering Limited**  
*(formerly Allied Motors Limited)*

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**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)

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

DIRECTORS' REPORT

Your Directors are pleased to present their report together with the un-audited accounts of the Company for the half year ended December 31, 2004.

The overall administrative and general, selling and distributions and financial expenses for the period under review were Rs. 17,975 million as compared to Rs. 15,605 million in the corresponding period last year. The loss after taxation was Rs. 23,546 million as compared to Rs. 16,069 million in the corresponding period last year.

As explained in our report for the year 2004, all our sincere and professional efforts are being put in to revamping the plant, appointment of new dealers, development of various sales strategies and participation in tenders. The company has started assembling CKD available at the time of acquisition and has sold 20 tractors during this period. Efforts are being made to dispose of remaining tractors expeditiously.

FUTURE OUTLOOK

In view of present production capacity available in the country and the increased demand for tractor there is a definite demand for the new tractor manufacturer. Our company is making all possible efforts to introduce its own tractor in the market. Negotiation for bringing new tractors did not materialise due to expensive CKD price offered by the manufacturer. Currently fresh negotiation have started for bring the CKD prices to a level acceptable to the buyer.

CONCLUSION

In conclusion, we bow, beg and pray to Almighty Allah, Rahman-o-Rahim, in the name of our beloved prophet, Muhammad, Peace be upon him for continued showering of His Blessings, 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

إِنَّا 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: February 28, 2005

## REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of Dewan Automotive Engineering Limited (formerly Allied Motors Limited) as at December 31, 2004, and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "financial statements") for the half-year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Auditing applicable to review engagements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion:

Based on our review, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan.

KARACHI:  
DATED: February 28, 2005

  
CHARTERED ACCOUNTANTS


**Dewan Automotive Engineering Limited**  
(formerly Allied Motors Limited)

**BALANCE SHEET (UN-AUDITED)**  
**AS AT DECEMBER 31, 2004**

	Notes	(Un-audited) December 31, 2004	(Audited) June 30, 2004
(Rs. in '000')			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
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		(266,762)	(245,749)
		(80,668)	(59,655)
Surplus on revaluation of fixed assets		49,622	52,155
<b>NON-CURRENT LIABILITIES</b>			
Term finance - secured		-	123,000
Deferred liability		96	807
<b>CURRENT LIABILITIES</b>			
Short term finances - unsecured	4	219,097	45,161
Creditors, accrued and other liabilities		22,937	19,499
		242,034	64,660
<b>CONTINGENCIES</b>			
	5	-	-
		211,084	180,967
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Tangible fixed assets			
Operating assets	6	107,824	91,786
Long-term deposits		387	290
<b>CURRENT ASSETS</b>			
Stores and spares		662	1,226
Stock - in - trade		72,851	62,779
Trade debts (unsecured - considered good)		3,262	2,535
Advances, deposits, prepayments and other receivables		24,081	18,530
Cash and bank balances		2,017	3,821
		102,873	88,891
		211,084	180,967

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

Karachi  
Dated: February 28, 2005

  
Dewan Mohammad Yousuf Farooqui  
Managing Director / Chief Executive

  
Dewan Abdullah Ahmed  
Director

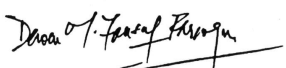
**Dewan Automotive Engineering Limited**  
(formerly Allied Motors Limited)

**PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2004**

Notes	Oct - Dec 2004 Rs. 000	Oct - Dec 2003 Rs. 000	July - Dec 2004 Rs. 000	July - Dec 2003 Rs. 000
Sales-net	2,924	5,964	5,314	12,891
Cost of sales	8,126	6,245	10,885	13,314
Gross loss	(5,202)	(281)	(5,571)	(423)
Operating Expenses				
Administrative and general expenses	7,639	6,791	9,379	7,861
Selling and distribution expenses	1,780	3,008	3,329	5,334
Financial charges	3,615	765	5,267	2,410
	13,034	10,563	17,975	15,605
Operating loss	(18,236)	(10,844)	(23,546)	(16,028)
Other income	-	12	-	25
Loss before taxation	(18,236)	(10,832)	(23,546)	(16,003)
Provision for taxation	-	30	-	66
Net loss after taxation	(18,236)	(10,862)	(23,546)	(16,069)
Accumulated loss brought forward	(249,793)	(218,320)	(245,749)	(213,113)
Transfer from surplus on revaluation of fixed assets	1,267	-	2,533	-
Accumulated loss carried forward	(266,762)	(229,182)	(266,762)	(229,182)
Basic loss per share (Rupees)	(2.03)	(1.21)	(2.62)	(1.79)

The annexed notes form an integral part of these financial statements

Karachi  
Dated: February 28, 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 HALF YEAR ENDED DECEMBER 31, 2004**

	Note	December 31, 2004	December 31, 2003
		(Rs. in '000')	
<b>CASH GENERATED FROM OPERATIONS</b>			
Loss before taxation		(23,546)	(16,003)
Adjustment for non cash charges and other items:			
Depreciation		4,537	1,537
Financial charges		5,267	2,410
Staff gratuity		-	86
		9,804	4,034
Cash flow from operating activities before working capital changes		(13,742)	(11,970)
Working capital changes	(a)	(15,101)	11,513
Long-term deposits		(97)	17
Staff gratuity paid		(710)	(168)
Financial charges paid		(2,515)	(2,389)
Net cash (outflow) from operating activities		(32,165)	(2,997)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Investment in operating assets		(20,576)	(87)
Net cash (outflow) from investing activities		(20,576)	(87)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Term finance paid		(123,000)	-
Short-term finance - net		173,936	(2,456)
Net cash inflow from financing activities		50,936	(2,456)
Net (decrease) in cash and cash equivalents		(1,804)	(628)
Cash and cash equivalents at the beginning of the period		3,821	1,098
Cash and cash equivalents at the end of the period		2,017	470
<b>(a) Working capital changes</b>			
(increase)/decrease in current assets		564	-
Stores and spares		(10,073)	5,112
Stock-in-trade		(727)	787
Trade debts		(5,551)	(1,037)
Advances, deposits, prepayments and other receivables		(15,787)	4,862
Increase/(decrease) in current liabilities		686	6,651
Creditors, accrued and other liabilities		(15,101)	11,513

The annexed notes form an integral part of these financial statements

Karachi  
Dated: February 28, 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 HALF YEAR ENDED DECEMBER 31, 2004**

	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	-	-	-	(16,069)	(16,069)
Balance as at December 31, 2003	90,000	86,194	9,900	(229,182)	(43,088)
Balance as at July 01, 2004	90,000	86,194	9,900	(245,749)	(59,655)
Loss after taxation	-	-	-	(23,546)	(23,546)
Transfer from surplus on revaluation of fixed assets	-	-	-	2,533	2,533
Balance as at December 31, 2004	90,000	86,194	9,900	(266,762)	(80,668)

Karachi  
Dated: February 28, 2005

  
Dewan Mohammad Yousuf Farooqui  
Managing Director / Chief Executive

  
Dewan Abdullah Ahmed  
Director

**Dewan Automotive Engineering Limited**  
*(formerly Allied Motors Limited)*

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED DECEMBER 31, 2004  
(UN-AUDITED)**

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 December 31, 2004	Audited June 30, 2004
	(Rs. in '000')	
4 Short term finance - unsecured		
Associated companies	34,965	1,151
Directors' loan	184,132	44,010
	<u>219,097</u>	<u>45,161</u>

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)

	Un-audited December 31, 2004	Audited June 30, 2004
	(Rs. in '000')	
<b>6 Operating assets</b>		
Addition during the period		
Leasehold land	15,000	-
Factory building on leasehold land	1,632	1,285
Plant and machinery	657	9
Computer and allied	660	137
Furniture and Office equipment	476	2,832
Motor vehicles	2,116	1,118
Refrigeration and air conditioners	35	130
	20,576	5,511
Disposal during the period		
Computer and allied	-	(42)
Furniture and office equipment	-	(17)
Motor vehicle	-	(1,267)
	-	(1,326)
<b>7 Related parties transactions</b>		
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	1,872	1,151
Short term finance - net	169,932	44,010
Various expenses	2,155	-
The above transactions are undertaken on an arm's length basis.		

**Dewan Automotive Engineering Limited**  
*(formerly Allied Motors Limited)*

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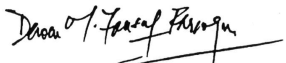
8 Authorization

These financial statements were authorized for issue on February 28, 2005 by the Board of Directors.

9 General

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

Karachi  
Dated: February 28, 2005

  
Dewan Mohammad Yousuf Farooqui  
Managing Director / Chief Executive

  
Dewan Abdullah Ahmed  
Director