

Company Information

BOARD OF DIRECTORS

Dewan Zia.ur Rehman Farooqui	Chairman
Dewan Mohammad Yousuf Farooqui	President / Chief Executive
Dewan Abdullah Ahmed	Deputy Managing Director
Dewan Ghulam Mustafa Khalid	Director
Dewan Abdul Rehman Farooqui	Director
Dewan M. Ayub Khalid	Director
Dewan Asim Mushfiq Farooqui	Director

CHIEF FINANCIAL OFFICER

Furrukh V. Junaidy

COMPANY SECRETARY

Syed Moonis Abdullah Alvi

AUDIT COMMITTEE MEMBERS

Dewan Abdul Rehman Farooqui	Chairman
Dewan Mohammad Ayub Khalid	
Dewan Asim Mushfiq Farooqui	

BANKERS

ABN Amro Bank N.V.
Allied Bank of Pakistan Limited
Askari Commercial Bank Limited
Bank Al Falah Limited
Bolan Bank Limited
Citi Bank N.A.
Crescent Commercial Bank Limited
Faysal Bank Limited
Habib Bank Limited
Hong Kong Shanghai Banking Company
KASB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
PICIC Commercial Bank Limited
Saudi Pak Commercial Bank Limited
Standard Chartered Bank
The Bank of Khyber
The Bank of Punjab
United Bank Limited
Union Bank Limited

AUDITORS

Feroze Sharif Tariq & Co
Chartered Accountants
4/N/4, Block 6, PECHS
Karachi

REGISTERED OFFICE

Dewan Centre, 3-A
Lalazar, Beach Hotel Road,
Karachi.

LEGAL ADVISORS

A.K. Brohi & Co
Mandviwalla & Zafar

TAX ADVISOR

Sharif & Co. (Advocates)
3rd Floor, Uni Plaza
I.I. Chundrigar Road, Karachi

REGISTRAR

THK Associates (Pvt) Limited
Sheikh Sultan Trust Building No 2
Beaumont Road, Karachi.

REGIONAL OFFICES**Lahore**

Dewan Centre, 49-D/1,
Gulberg III

Islamabad

House # 58, F-7/2
Margalla Road,

FACTORY

Jilaniabad, Budhu Talpur
District Sajawal,
Sindh.

IN THE NAME OF ALLAH
THE MOST GRACIOUS AND MERCIFUL

The Board of Directors takes pleasure in presenting the un-audited financial statements of the Company for the three months ended September 30, 2004.

During the period under review, the gross sales stood at Rs. 2.022 billion as compared to Rs. 1.155 billion for the corresponding period of last year. The gross profit for the period of three months is Rs. 175.422 million and the net profit after tax is Rs. 38.210 million.

During the period under review, 3,209 units were sold as compared to 1,749 units during the same period of last year, registering a growth of 83.47% and an increase of 1,460 units.

Prior financial year's trend of increasing freights, abnormal price increase of sheet metal in local and international market, is still continuing. Weakening of Pak rupee against US dollar is resulting in increased cost of production and this will remain crucial factor in achieving the desired results.

We are extremely grateful to our valued customers, who have placed their confidence in our products. We are also thankful to the Engineering Development Board, our employees, dealers and vendors for their guidance, efforts and encouragement, which played a pivotal role in achieving desired results.

In conclusion, we bow beg and pray to Almighty Allah, Rahman-o-Rahim, in the name of our beloved Prophet, Mohammad (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 the whole Muslim Ummah, Ameen, Summa-Ameen.

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

For and on behalf of the Board of Directors



Dewan Mohammad Yousuf Farooqui
President / Chief Executive

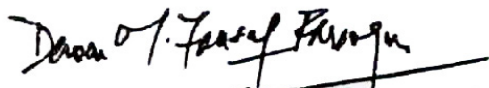
Karachi: October 30, 2004

DEWAN FAROOQUE MOTORS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2004

	<u>Share Capital</u>			<u>Total</u>
	<u>Issued, subscribed and paid-up</u>	<u>Reserve for issue of Bonus shares</u>	<u>Unappropriated profit</u>	
	----- Unaudited -----			
	(Rupees in '000)			
Balance as at June 30, 2003	734,031	-	110,655	844,686
Net profit for the period	-	-	32,244	32,244
Balance as at September 30, 2003	<u>734,031</u>	<u>-</u>	<u>142,899</u>	<u>876,930</u>
Balance as at June 30, 2004	734,031	36,702	223,989	994,722
Net profit for the period	-	-	38,210	38,210
Balance as at September 30, 2004	<u>734,031</u>	<u>36,702</u>	<u>262,199</u>	<u>1,032,932</u>

The annexed notes from 1 to 9 form an integral part of these accounts.



Dewan Mohammad Yousuf Farooqui
President/Chief Executive

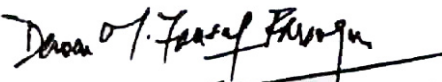


Dewan Abdullah Ahmed
Deputy Managing Director

DEWAN FAROOQUE MOTORS LIMITED
CASH FLOW STATEMENT
FOR THE QUARTER ENDED SEPTEMBER 30, 2004

	September 30, 2004Unaudited	September 30, 2003Unaudited
	(Rs. In ' 000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	59,308	47,465
Add: Depreciation	38,118	37,242
(Gain) on disposal of fixed assets	-	(199)
Amortization of deferred cost	-	731
Financial charges	32,523	23,667
Provision for staff gratuity	-	1,676
	70,641	63,117
	129,949	110,582
(Increase) in stores & spares	(6,883)	(3,579)
Decrease in stock in trade	143,114	8,189
(Increase) / Decrease in trade debts	(56,222)	109,195
Decrease / (Increase) in advances, deposits, prepayments & other receivables	104,410	(113,351)
(Decrease) / Increase in creditors, accrued & other liabilities	(488,846)	192,594
Increase / (Decrease) in long term deposits	1,000	(1,900)
Tax (paid)	(11,741)	(3,902)
Dividend (paid)	(2)	-
Financial charges (paid)	(17,506)	(16,292)
Gratuity (paid)	(151)	(328)
	(332,827)	170,624
Net cash flow from operating activities	(202,878)	281,206
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(27,081)	(12,483)
Short term loans to associated undertakings	(563,124)	-
Sale proceeds of fixed assets	-	539
Net cash flow from investing activities	(590,205)	(11,944)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loans repaid	(20,833)	(12,500)
Finance lease repayments	-	(202,711)
Net cash flow from financing activities	(20,833)	(215,211)
NET (DECREASE) / INCREASE IN CASH & CASH EQUIVALENTS	(813,916)	54,051
CASH & CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	(1,443,600)	(206,161)
CASH & CASH EQUIVALENTS AT END OF THE PERIOD	(2,257,516)	(152,110)

The annexed notes from 1 to 9 form an integral part of these accounts.

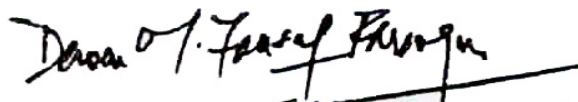

Dewan Mohammad Yousuf Farooqui
 President/Chief Executive


Dewan Abdullah Ahmed
 Deputy Managing Director

DEWAN FAROOQUE MOTORS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED SEPTEMBER 30, 2004

	September 30, 2004	September 30, 2003
 Unaudited	
	(Rs. in '000)	
GROSS SALES	2,021,940	1,155,351
Sales tax	(262,826)	(149,891)
Commission and discounts	(37,960)	(23,530)
	(300,786)	(173,421)
NET SALES	1,721,154	981,930
Cost of sales	1,545,732	849,600
GROSS PROFIT	175,422	132,330
Amortization of deferred cost	-	731
Administration and selling expenses	80,669	58,239
OPERATING PROFIT	94,753	73,360
OTHER INCOME	199	270
	94,952	73,630
Financial charges	32,523	23,667
Workers' profit participation fund	3,121	2,498
	35,644	26,165
PROFIT BEFORE TAXATION	59,308	47,465
TAXATION		
Current	8,606	4,910
Deferred	12,492	10,311
	21,098	15,221
NET PROFIT FOR THE PERIOD	38,210	32,244
UNAPPROPRIATED PROFIT BROUGHT FORWARD	223,989	110,655
UNAPPROPRIATED PROFIT CARRIED FORWARD	262,199	142,899
BASIC EARNINGS PER SHARE	0.52	0.44
DILUTED EARNINGS PER SHARE	0.50	0.42

The annexed notes from 1 to 9 form an integral part of these accounts.



Dewan Mohammad Yousuf Farooqui
President/Chief Executive



Dewan Abdullah Ahmed
Deputy Managing Director

DEWAN FAROOQUE MOTORS LIMITED
NOTES TO THE ACCOUNTS FOR QUARTER ENDED SEPTEMBER 30, 2004

1 Dewan Farooque Motors Limited was incorporated in Pakistan on December 28, 1998 as a public limited company. The shares of the company are quoted on all the three stock exchanges in Pakistan. The registered office of the Company is situated at Dewan Center, 3-A Lalazar, Beach Hotel Road, Karachi.

The Company has entered into separate technical license / collaboration agreements with Hyundai Motor Company, Korea and KIA Motors Corporation, Korea. The principal activity of the Company is the assembly, progressive manufacturing and sales of Hyundai and KIA vehicles in Pakistan.

The Company commenced commercial production through the interim facility from January 01, 2000. The main facility came into commercial operation from January 01, 2001.

2 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 Companies Ordinance 1984.

3 These 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, 2004.

4 Operating Fixed Assets

Quarter ended	Year ended
Sep 30, 2004	June 30, 2004
(Rs. In '000)	

4.1 Detail of additions during the period are as follows:

Freehold land	-	1,587
Buildings	30,593	163,794
Plant & Machinery	228	21,733
Furniture & fixtures	871	10,122
Office equipment	1,480	7,613
Vehicles	17,814	37,265
	<u>50,986</u>	<u>242,114</u>

4.2 Detail of disposals during the period are as follows:

Vehicles	<u>-</u>	<u>1,772</u>
	<u>-</u>	<u>1,772</u>

5 Deferred Liabilities

Staff gratuity	9,649	9,800
Deferred taxation	132,722	120,230
	<u>142,371</u>	<u>130,030</u>

6 Commitments

6.1 Commitments in respect of outstanding letters of credit amounts to Rs. 99.56 (June 30, 2004 : Rs. 129.71) million

6.2 Capital expenditure commitments outstanding as at September 30, 2004 amounts to Rs. 5.0 (June 30, 2004 : Rs. 15.0) million.

7 TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS / RELATED PARTIES

Quarter ended	Year ended
Sep 30, 2004	June 30, 2004
(Rs. in '000)	

Sales	19,547	14,057
Short term loans to associated undertakings	563,124	-
Purchases	1,087,528	4,576,351
Royalty	11,049	41,339

8 Date of Authorization for Issue

These financial statements have been authorized for issue on October 30, 2004 by the Board of Directors of the Company.

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