

Data Agro Limited

Annual Report 2000

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COMPANY INFORMATION

Chief Executive: Mr. Faaiz Rahim Khan

Directors: Mr. Umar Sadik
Mr. Shamim Ahmad Khan
Mr. Ayub Khan
Mr. Asif Rahim Khan
Mrs. Badar Hussain
Mr. Sohail Ahmad Khan

Company Secretary: Mr. Muhammad Azam

Auditors: M/s Mansha Mohsin Dossani Khan & Co.
Chartered Accountants
3rd, Floor Sharjah Centre,
62-Shadman Market, Lahore.

Bankers: Al-Baraka Islamic
Bank B.S.C. (EC.)
Habib Bank Limited
Allied Bank of Pakistan Limited
The Bank of Punjab
Muslim Commercial Bank Ltd.
Gulf Commercial Bank Ltd.

Legal Advisor: Ashtar Ali & Associates

Registered Office: 3-A, Race View, Jail Road,
Lahore.

Factory: Khanewal-Kabirwala Road,
District Khanewal.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 8th Annual General Meeting of Shareholders of Data Agro Limited will be held on Saturday December 23, 2000 at 2.00 P.M. at the Registered Office of the company at 3-A, Race View, Jail Road, Lahore to transact the following business:

1. To confirm the minutes of the 7th Annual General Meeting held on December 30, 1999.
2. To receive and adopt the Audited 'Accounts of the company alongwith Directors and Auditors reports thereon, for the year ended June 30, 2000.
3. To appoint Auditors of the company for the year ended June 30, 2001 and to fix their remuneration. The retiring Auditors M/s Mansha Mohsin Dossani Khan & Company (Chartered Accountants), being eligible have offered themselves for reappointment.
4. Any other business with the permission of the chair.

The Share Transfer Books of the Company will remain close form December 21, 2000 to December 27, 2000 (both days inclusive).

Lahore
November 29, 2000.

BY ORDER OF THE BOARD
(MUHAMMAD AZAM)
Company Secretary

NOTES:

(a) A member entitled to attend and vote at the above meeting may appoint another as proxy. Proxies in order to be effective must be received at the Registered Office of the Company not later than forty eight hours before the time of meeting must be duly stamped, signed and witnessed.

(B) Members are requested to notify the Company of any change in their addresses.

DIRECTOR'S REPORT

The Directors of your company are pleased to present the 8th annual report alongwith the audited accounts for the year ended June 30,2000.

Performance Review

In this year your company has processed seeds of cotton, wheat, paddy etc. There is considerable increase in the capacity utilization as compared to last year.

	<i>2000</i> <i>(M. Ton)</i>	<i>1999</i> <i>(M. Ton)</i>
Production	1,760	1,160

Financial Results

The summary of the financial results is being furnished hereunder for a quick glance.

	<i>2000</i> <i>(Rupees)</i>	<i>1999</i> <i>(Rupees)</i>
Sales	26,962,828	30,053,426
Cost of Sale	26,450,405	40,392,134
	-----	-----
Gross Profit / (loss)	512,423	(10,338,708)
Less:		
Operating Expenses	5,747,301	6,100,636
Financial & Other Charges	3,021,821	9,089,283
Other Income	2,158,794	1,047,642
Taxation	178,421	50,089
	-----	-----
Loss after taxation	6,276,326	24,531,074
	=====	=====

The company suffered a Net Loss of Rs. 6.276 million (1999: Loss Rs. 24.531 million). Due to the efforts of your management, the loss for the year has been decreased by Rs. 18.255 million (which is 3 time less as compared to last year), in spite of decrease in the overall sales. We continued to make progress in our diversification policy in terms of crops. Another positive aspect has been controlling total debts by inducting Rs. 28.879 million from directors as loan, which is primarily interest free. Your company has repaid debts of Rs. 35.698 million during the period due to which there is a saving of Rs. 6.07 million in form of financial costs, as compared to last year.

Earning per share

Earning per share of Rs. 10/-each is Rs. -1.57 as compared to Rs. -6.13 last year.

Auditors Report

The auditors in their report have drawn attention to the factors that raises doubt regarding company's ability to continue as a going concern. The steps taken by the management to keep successful operation of the company have been clearly stated above. The board of director's are determined to keep your company a going concern and make it very profitable in the near future with low debt and diversification in sales.

Keeping this in view the management has raised addition of funding of Rs. 28.879 million (interest free director loan), These funds have been utilized in retirement of interest bearing debts, and saved an amount of Rs. 6.07 million in financial costs as compared to last year.

Auditors

The present auditors Messrs. Mansha Mohsin Dossani Khan & Company, Chartered Accountants, retire and being eligible, offer themselves for reappointment.

Pattern of Shareholding

A statement showing pattern of shareholdings in the company is attached.

Acknowledgment

We would like to thank our customers, bankers and devoted staff for their valued support and continued patronage. I feel confident that future of your company is bright and is in safe hands. May Allah bless the management and staff of your company to fell up to your expectations.

Place: Lahore.
November 23, 2000

FAAIZ RAHIM KHAN
Chief Executive

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **DATA AGRO LIMITED** as at June 30, 2000 and the related profit and loss account, cash flow statement 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, 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 conduct 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 whatever the above said statements are free of any material misstatement. An audit includes examining on test basis, evidence supporting the amount and disclosures in the above said statement, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that;

a. In our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984.

b. 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.

c. in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2000 and of the loss, its cash flows and changes in equity for the year then ended; and

d. in our opinion, no Zakat was deductible at source under the Zakat and Usher Ordinance, 1980

Without qualifying our opinion we draw attention to note 2.1 to the accounts which states factors that raise doubt regarding the company's ability to continue as a "Going Concern"

Place: Lahore.
Date: November 23, 2000

MANSHA MOHSIN DOSSANI KHAN & CO.
(Chartered Accountants)

BALANCE SHEET AS AT JUNE 30, 2000

CAPITAL & LIABILITIES	<i>Note</i>	2000	1999
		(Rs.)	(Rs.)
SHARE CAPITAL & RESERVES			
Authorized capital			
5,000,000 ordinary shares of Rs. 10 each		50,000,000	50,000,000
		=====	=====
Issued, subscribed and paid up capital			
4,000,000 ordinary shares of Rs. 10 each fully paid in cash		40,000,000	40,000,000
Accumulated profit/(loss)		(65,748,941)	(59,472,615)
		-----	-----
		(25,748,941)	(19,472,615)
SURPLUS ON REVALUATION OF FIXED ASSETS	3	32,959,224	32,959,224
REDEEMABLE CAPITAL	4	15,500,332	30,167,254
LONG TERM LOANS	5	28,878,943	--
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	6	1,520,120	3,420,356
CURRENT LIABILITIES			
Short term running finance		--	4,382,042
Current portion of redeemable capital	7	6,000,000	27,030,906
Current portion of liabilities against assets subject to finance lease		2,375,147	1,899,644
Advances and deposits	8	2,123,109	3,403,319
Creditors, accrued and other liabilities	9	3,182,499	4,865,639
Provision for Taxation		134,814	50,089
		-----	-----
		13,815,569	41,631,639
CONTINGENCIES AND COMMITMENTS	10	--	--
		-----	-----
		66,925,247	88,705,858
		=====	=====
FIXED CAPITAL EXPENDITURES			
Operating fixed assets - tangible	11	58,525,008	72,879,173
Assets subject to finance lease	12	4,908,160	6,135,200
DEFERRED COSTS	13	--	--

CURRENT ASSETS

Stores, spares and loose tools	14	1,409,418	1,600,500
Stock in trade	15	72,078	2,084,418
Trade debtors	16	1,255,443	4,150,953
Advances, deposits, prepayments and other receivables	17	656,495	1,544,081
Cash and bank balances	18	98,645	311,533
		-----	-----
		3,492,079	9,691,485
		-----	-----
		66,925,247	88,705,858
		=====	=====

The annexed notes form an integral part of these accounts

(FAAIZ RAHIM KHAN)
Chief Executive

(ASIF RAHIM KHAN)
Director

**PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2000**

	<i>Note</i>	<i>2000</i> <i>(Rs.)</i>	<i>1999</i> <i>(Rs.)</i>
SALES	19	26,962,828	30,053,426
COST OF SALES	20	26,450,405	40,392,134
		-----	-----
Gross Profit/(loss)		512,423	(10,338,708)
OPERATING EXPENSES			
Administrative	21	2,752,671	3,553,567
Selling & distribution	22	2,994,630	2,547,069
		-----	-----
		5,747,301	6,100,636
		-----	-----
Operating profit/(loss)		(5,234,878)	(16,439,344)
Financial and other charges	23	3,021,821	9,089,283
		-----	-----
		(8,256,699)	(25,528,627)
Other income	24	2,158,794	1,047,642
		-----	-----
Profit / (loss) for the year before Taxation		(6,097,905)	(24,480,985)
Taxation	25	(178,421)	(50,089)
		-----	-----
Profit / (loss) after Taxation		(6,276,326)	(24,531,074)
Unappropriated Profit / (loss) brought forward		(59,472,615)	(34,941,541)
		-----	-----

Unappropriated Profit / (loss) carried forward		(65,748,941)	(59,472,615)
Earning/(loss) per share	28	(1.57)	(6.13)

The annexed notes form an integral part of these accounts

(FAAIZ RAHIM KHAN)
Chief Executive

(ASIF RAHIM KHAN)
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2000

	2000 (Rs.)	1999 (Rs.)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	(6,097,905)	(24,480,985)
Adjustment for:		
Depreciation	7,329,319	8,462,484
Amortization of deferred costs	--	291,832
Profit on disposal of fixed assets	(108,480)	(57,628)
Profit on foreign exchange	(163)	(977)
Financial charges	3,021,821	9,089,283
Operating Profit before working capital changes	4,144,592	(6,695,991)
(Increase)/decrease in current assets		
Stores, spares and loose tools	191,082	(393,053)
Stock in trade	2,012,340	9,688,065
Trade debtors	2,895,510	1,619,257
Advances, deposits, prepayments and other receivables	1,062,436	630,738
	6,161,368	11,545,007
Increase/(decrease) in current liabilities		
Advances from customers	(1,280,210)	3,191,666
Creditors, accrued and other liabilities	(574,127)	1,327,589
	(1,854,337)	4,519,255
Cash generated from / (utilized in) operation	8,451,623	9,368,271
Financial charges paid	(2,689,760)	(4,668,382)
Profit on foreign exchange	163	977
Income Tax paid	(266,963)	(12,290)
Net cash from/(used in) operating activities	5,495,063	(4,688,576)
CASH FLOW FORM INVESTING ACTIVITIES		
Purchase of fixed assets	(21,900)	(162,740)

Capital work in progress	7,782,266	--
Sale proceed of fixed assets	600,000	137,500
	-----	-----
Net cash from / (used in) investing activities	8,360,366	(25,240)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of redeemable capital	(37,140,485)	(3,221,965)
Repayment of finance lease liability	(1,424,733)	(2,280,000)
Repayment of short-term running finance	(1,700,000)	(780,000)
	-----	-----
Net cash from/(used in) financing activities	(11,386,275)	(6,281,965)
	-----	-----
Net Increase / (Decrease) In Cash And Cash Equivalent Cash and Cash Equivalent at the Beginning of the period	2,469,154 (2,370,509)	(1,618,629) (751,880)
	-----	-----
Cash and Cash Equivalent at the end of the period	98,645	(2,370,509)
	=====	=====
Cash in hand	68,866	36,771
Cash at Bank:-		
Current / foreign Accounts:		
Debit	29,779	274,762
Credit	--	(2,682,042)
	-----	-----
	29,779	(2,407,280)
	-----	-----
	98,645	(2,370,509)
	=====	=====

(FAAIZ RAHIM KHAN)
Chief Executive

(ASIF RAHIM KHAN)
Director

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2000

1. STATUS AND OPERATION

DATA AGRO LIMITED was initially incorporated as a private limited company on November 10, 1992 and converted into a public limited company on March 06, 1994. The company is Listed on Lahore and Karachi stock exchanges. The main activity of the company is Production and processing of agro seeds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 The company has recorded a loss of Rs. 6.276 million after taxation, accumulated losses of Rs. 65.749 million and reported negative working capital of Rs. 10.324 million i.e. excess of current liabilities over current assets. These factors creates substantial doubts as to ability of the company to continue as a going concern. However, these accounts have been prepared on going concern basis and without any adjustments relating to realization of company' s assets and liquidation of its liabilities. The validity of these accounts largely depends on management's future plans, favorable market conditions and continue financial support from

sponsors and company bankers.

2.2 Accounting convention

The accounts have been prepared under the historical cost convention except to the extent that certain fixed assets have been included at revalued amount.

2.3 Staff retirement benefits

The company operates an unfunded gratuity scheme. No provision for gratuity has been made in these accounts as it is accounted for on payment basis.

2.4 Tangible fixed assets and depreciation

a) Owned assets

These are stated at cost or revaluation less accumulated depreciation except land and capital work in progress which are stated at cost or revaluation.

Depreciation is charged using diminishing balance method whereby the cost or revaluation of an asset is written off over its estimated useful life.

Full years depreciation is charge in the year of addition while no depreciation is charged is the year of sale.

Minor renewals or replacements are charged to the income of the year and major renew and improvements are capitalized.

Gain or loss on disposal of assets are included in current income.

b) Assets subject to finance lease

Assets subject to finance lease are stated at the lower of present value of minimum lease payments at the inception of the lease and their fair value at that date. The outstanding obligations under the lease financial charges allocated to future periods are accounted for as liabilities. Related financial expenses are charged to the profit and loss account. Assets subject to finance lease are depreciated over the useful life of the assets on a reducing balance method at the rates given in Note.12. Depreciation of leased assets is charged to income.

2.5 Stores, spares and loose tools

There are valued at cost using moving average method.

2.6 Stock in trade

Stock in trade is valued at lower of cost and net realizable value. Cost of Major stock items is determined as follows:

Raw material:	At annual average cost.
Finished goods and work in progress	Comprised of direct material, labour and over heads.
Waste:	At net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

2.7 Foreign currency translation

Assets and liabilities in foreign currencies except for balances covered by forward exchange risk cover are translated into rupees at the exchange rates prevailing at the year end. All exchange differences after the commencement of commercial production are charged to current profits.

2.8 Deferred Cost

Amortization of deferred cost is to be spread over a period of five years from the date of commencement of commercial production.

2.9 Revenue Recognition

Sale of goods is recognized on delivery of goods to customers.

Sale of services is recognized when the services are rendered and the right of receivable is established

2.10 Trade debts

Debts considered irrecoverable are written off whereas provision is made against debts which are considered doubtful.

2.10 Taxation

Current

Provision for current taxation in the accounts is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, or minimum tax at 0.5 percent to turnover, whichever is higher.

Deferred

The company accounts for deferred taxation arising on major timing differences using the liability method excluding the tax effect of those timing differences which are not likely to reverse in the foreseeable future. However, in view of assessed brought forward and unused tax losses of Rs. 23.26 Million, (deferred tax asset approx. of Rs. 7.67 M), deferred tax liability being lower than the deferred tax asset has not been provided.

STATEMENT OF CHANGES IN EQUITY AS AT JUNE 30 2000

<i>PARTICULARS</i>	<i>SHARE CAPITAL (Rs.)</i>	<i>REVALUATION SURPLUS (Rs.)</i>	<i>ACCUMULATED PROFIT/(LOSS) (Rs.)</i>	<i>TOTAL (Rs.)</i>
Balance as at June 30, 1998	40,000,000	32,959,224	(34,941,541)	38,017,683
Net profit / (loss) for the period	--	--	(24,531,074)	(24,531,074)
Balance as at June 30, 1999	40,000,000	32,959,224	(59,472,615)	13,486,609
Net profit / (loss) for the period	--	--	(6,276,326)	(6,276,326)
Balance as at June 30, 2000	40,000,000	32,959,224	(65,748,941)	7,210,283

2000
(Rs.)

1999
(Rs.)

3. SURPLUS ON REVALUATION OF FIXED ASSETS

This represent revaluation surplus on freehold land,
Building, Plant & Machinery carried out on June 30, 1996.

32,959,224	32,959,224
=====	=====

4. REDEEMABLE CAPITAL - SECURED

Altowfeek Investment Bank Ltd - MURABAHA FIN	4.1		
Opening balance		366,597	1,764,196
Overdue current maturity		--	1,334,167
		-----	-----
		366,597	3,098,363
Less: Payment during the year		(731,544)	--
		-----	-----
		(364,947)	(3,098,363)
Markup capitalized up to 04-11-99		364,947	1,186,087
		-----	-----
Rescheduled		--	4,284,450
Less: Future markup from 01-07-99 to 04-11-99		--	(364,947)
		-----	-----
		--	3,919,503
Less: Payment during the year		--	--
		-----	-----
		--	3,919,503
Current maturity shown under current liabilities		--	(3,552,906)
		-----	-----
		--	366,597
		=====	=====
Gulf Commercial Bank - CTF (HYPOTHECATION)	4.2		
Opening balance		9,378,035	12,610,705
Transfer - Running Finance - Rescheduled		--	289,295
		-----	-----
		9,378,035	12,900,000
Current maturity shown under current liabilities		--	(2,400,000)
Direct Payment		(9,378,035)	(1,121,965)
		-----	-----
		--	9,378,035
Habib bank Ltd. (FAF-1)	4.3		
Opening Balance		20,422,622	22,245,830
Overdue current maturity		--	1,562,502
		-----	-----
		20,422,622	23,808,332
Markup capitalized up to 30-09-1999		1,077,710	5,734,000
		-----	-----
Rescheduled		21,500,332	29,542,332
Less: Future markup from 01-07-1999 to 30-09-1999		--	(1,077,710)
		-----	-----
		21,500,332	28,464,622
Current maturity shown under current liabilities		(6,000,000)	(8,042,000)

-----	-----
15,500,332	20,422,622
-----	-----
15,500,332	30,167,254
=====	=====

4.1 The murabaha finance facility is obtained from Altowfeek Investment Bank Ltd. at a markup rate of 23% p.a. on 30-05-98 and the original rescheduled expiry date was March 15, 2000. This finance facility is again rescheduled on November 04, 1999 subsequent to the balance sheet date and the rescheduled amount comprises of the principal amount of Rs. 3.099 Million and markup of Rs. 1.186 million up to 30-09-99. The facility is fully repaid during the year.

Mark up on the rescheduled murabaha finance facility is charged @ 21% pa.

The rescheduled murabaha finance facility is secured against the joint pari passu hypothecation. charge over moveable assets including receivable of the company and mortgage charge on the company's Land together with present and future construction thereon in the ratios specified in the agreement and joint and several personal guarantees of sponsoring directors. The total murabaha price is Rs. 3.698 million and total markup is Rs. 0.699 million.

4.2 This facility represents rescheduled cash finance facility of Rs. 12.064 million and outstanding Markup of Rs. 2.936 million on 30-09-98.

Markup on the facility is charged @ 14% p.a. (1998: 18% p.a.)

This facility is repayable in quarterly installments starting from July, 1998 to December, 2002. However, it is fully repaid during the year.

The above facility is secured by registered hypothecation charge over stock and receivables of the Company and personal guarantees of the directors..

4.3 This facility was previously rescheduled on 15-08-97 and is again rescheduled on 30-09-99. The rescheduled amount of Rs. 29.542 million comprises of principal and markup of FAF-I Rs. 23.808 million and Rs. 4.949 million respectively and markup on FAF-II Rs.0.785 million upto 30-09-99.

The rescheduled facility is repayable in 47 monthly equal installments of Rs. 0.500 million each w.e.f. 31-03-2000, alongwith Rs. 5.464 million to be paid on November 16, 1999 and 0.578 million on 28-02-2000.

No mark up will be charged after rescheduling if the payments are made on the due dates.

This facility is secured against pari passu charge on fixed assets of the company and the personal Guarantees of the directors.

	2000	1999
	(Rs.)	(Rs.)
5. LONG TERM LOAN- UNSECURED		
Loan from director- interest free	28,878,943	--
	=====	=====
6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Present value of minimum lease payment	5,320,000	7,600,000

Less: Amount paid during the year	1,424,733	2,280,000
	-----	-----
	3,895,267	5,320,000
	-----	-----
Less: current portion shown under current liabilities	(1,900,236)	(1,899,644)
Overdue maturity	(474,911)	--
	-----	-----
	(2,375,147)	--
	-----	-----
	1,520,120	3,420,356
	=====	=====

The company entered into lease agreements with Govt. of Punjab (Agriculture Department) to acquire four combine harvesters. The lease liability is payable in 4 annual installments.

In case of any default of any payment an additional charge at a rate of Rs. 500/- per day will be imposed.

After expiry of 15 days the seller reserves the right to retrieve the combine harvester without any notice and the combine harvester shall become property of the Government of Punjab (Agriculture Department). The amount paid before the breach of any condition of agreement will be forfeited by the seller. Approximate interest rate implicit in lease is 13.99157% p.a.

Present Value of minimum lease payment has been determined by discounting the minimum lease payment at the interest rate implicit in the lease.

The amount of future payments for the lease and the period in which these payments will become due are:-

	2000	1999
	(Rs.)	(Rs.)
Year to June 30, 2000	--	2,488,927
Year to June 30, 2001	2,378,800	2,378,800
Year to June 30, 2002	1,732,800	1,732,800
	-----	-----
	4,111,600	6,600,527
Less:		
Future lease finance charges	(691,244)	(1,280,527)
	-----	-----
	3,420,356	5,320,000
	=====	=====

7. SHORT TERM RUNNING FINANCE (UNDER MARK UP ARRANGEMENTS) - SECURED

Albaraka Islamic Bank	7.1	--	1,700,000
Prime Commercial Bank Ltd. Current deposits - unsecured		--	2,682,042
		-----	-----
		--	4,382,042
		=====	=====

7.1 The murabaha finance facility is obtained from Albaraka Islamic Bank and is secured against first charge on present and future immovable and tangible moveable property and assets of the company and personal guarantees of all the directors..

Markup on the above murabaha finance facility is charged @ 20 % p.a.

Sanctioned limit of above murabaha finance facility is Rs. 3.000 million.

This facility is rollover after every three months. However, facility was fully repaid/adjusted during the year.

8. ADVANCES AND DEPOSITS

- Customers	2,122,957	3,403,167
- Security deposits	152	152
	-----	-----
	2,123,109	3,403,319
	=====	=====

The advances have been received from the customer against future sales and bear no financial charges.

9. CREDITORS, ACCRUED AND OTHER LIABILITIES

Trade creditors	1,014,894	1,480,039
Accrued expenses	895,413	302,476
Markup on redeemable capital -secured	--	1,241,312
Lease finance charges payable	285,789	155,073
Worker's profit participation fund	680,391	680,391
Withholding tax	2,010	427
Other liabilities	304,002	1,005,921
	-----	-----
	3,182,499	4,865,639
	=====	=====

10. CONTINGENCIES AND COMMITMENTS

The income tax department has framed assessment order u/s 62 of the Income Tax Ordinance, 1979 pertaining to assessment year 1999-2000, and charged minimum tax liability u/s 80 D for the tax holiday period. The company being aggrieved has filed first appeal to the Commissioner of Income Tax (Appeals) against the order of Deputy Commissioner of income Tax. Pending final outcome of the appeal, no provision has been made in these accounts for the disputed minimum tax liability of Rs. 100,167/-. Since in the management's view the outcome of the case is expected to be favorable in pursuant to the judgement of the Honorable High Court.

11. OPERATING FIXED ASSETS-TANGIBLE

PARTICULARS	COST-REVALUATION				Rate %	DEPRECIATION			W.D.V.	
	As at 01-07-1999	Additions during the year	(Deletions) during the year	As at 30-06-2000		As at 01-07-1999	Adjustment during the year	For the year	As at 30-06-2000	As at 30-06-2000
Land Freehold	2,237,000	--	--	2,237,000	--	--	--	--	--	2,237,000
Building on Freehold Land	17,396,489	--	--	17,396,489	10	7,418,172	--	997,832	8,416,004	8,980,485
Plant & Machinery	83,416,871	--	--	83,416,871	10	35,045,251	--	4,837,162	39,882,413	43,534,458
Furniture, Fixture & Fittings	1,056,319	21,900	--	1,078,219	10	416,086	--	66,213	482,299	595,920
Vehicles	3,745,105	--	1,200,000	2,545,105	20	2,248,227	708,480	201,072	1,740,819	804,286
Capital work in progress (Civil Works)	10155125	68,906	7,851,172	2,372,859	--	--	--	--	--	2,372,859
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

2000	118,006,909	90,806	9,051,172	109,046,543		45,127,736	708,480	6,102,279	50,521,535	58,525,008
1999	117,581,194	620,715	195,000	118,006,909		38,124,469	74,583	6,928,684	45,127,736	72,879,173

12. ASSETS SUBJECT TO FINANCE LEASE

<i>PARTICULARS</i>	<i>COST-REVALUATION</i>			<i>Rate</i>	<i>DEPRECIATION</i>			<i>W.D.V.</i>		
	<i>As at 01-07-1999</i>	<i>Additions during the year</i>	<i>(Deletions) during the year</i>		<i>As at 30-06-2000</i>	<i>%</i>	<i>As at 01-07-1999</i>	<i>Adjustment during the year</i>	<i>For the year</i>	<i>As at 30-06-2000</i>
Harvesting equipment	7,669,000	--	--	7,669,000	20	1,533,800	--	1,227,040	2,760,840	4,908,160
2000	7,669,000	--	--	7,669,000		1,533,800	--	1,227,040	2,760,840	4,908,160
1999	526,975	7,669,000	526,975	7,669,000		189,711	(189,711)	1,533,800	1,533,800	6,135,200

11.1 The element of revaluation surplus included in the written down value of fixed assets is as under.

<i>ASSETS</i>	<i>ELEMENT INCLUDED IN WRITTEN DOWN VALUE AS AT 30-06-2000</i>	
	<i>2000 (Rs.)</i>	<i>1999 (Rs.)</i>
Land freehold	591,059	591,059
Building freehold	1,149,882	1,277,647
Plant & machinery	17,963,196	19,959,107
	19,704,138	21,827,813

Revaluation of fixed assets was made on 30-06-1996, by Haseeb Associates and Anjum Asim Shahid & Co., Chartered Accountants and total amount of revaluation surplus was determined at' Rs. 32. 959 Million on that date.

11.2 The depreciation for the year is allocated as under:**Cost of Goods Sold**

Building	997,832	1,108,702
Plant & machinery	4,837,162	5,374,625
	5,834,994	6,483,327

ADMINISTRATIVE EXPENSES

Furniture, fixture and equipment	66,213	71,137
Vehicles	201,072	374,220
Assets subject to Finance lease	1,227,040	1,533,800

1,494,325	1,979,157
=====	=====

11.3 Detail of disposal of assets (by negotiation)

<i>Description of assets</i>	<i>Cost</i>	<i>Accumulated depreciation</i>	<i>Written down value</i>	<i>Sale proceed</i>	<i>Buyer</i>
Vehicle - LOC -02	1,200,000	708,480	491,520	600,000	Document World Pakistan (Pvt.)Ltd. 12-C, Block K, Main Boulevard, Gulberg II, Lahore.
	-----	-----	-----	-----	
2000	1,200,000	708,480	491,520	600,000	
	=====	=====	=====	=====	
1999	195,000	115,128	79,872	137,500	
	=====	=====	=====	=====	

2000	1999
(Rs.)	(Rs.)

13. DEFERRED COST

Preliminary expenses	--	--
Expenses to public issue:		
Commission on brokerage	--	12,806
Expenses incurred on issue of shares	--	279,026
	-----	-----
	--	291 832
	-----	-----
	--	291,832
Less: Amortization	--	(291,832)
	-----	-----
	--	--
	=====	=====

14. STORES, SPARES AND LOOSE TOOLS

Stores and spares	1,209,553	1,350,186
Loose tools	199,865	250,314
	-----	-----
	1,409,418	1,600,500
	=====	=====

15. STOCK IN TRADE

Raw material	--	2,065,761
Finished goods	72,078	18,657
	-----	-----
	72,078	2,084,418
	=====	=====

5.1 The material and goods are in heaps and uncountable position. Therefore, quantity of such stock on the balance sheet date has been estimated by the management while conducting the physical stock taking according to the general practice of the industry.

16. TRADE DEBTORS -UNSECURED

Considered goods	1,255,443	41,509,531
Considered doubtful	449,524	83,744
	-----	-----
	1,704,967	4,234,697
Less: Provision for doubtful debts	(449,524)	(83,744)
	-----	-----
	1,255,443	4,150,953
	=====	=====

17. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advance to suppliers:		
Considered good	102,445	247,100
Considered doubtful	144,632	--
	-----	-----
	247,077	247,100
Advances to staff- considered good	144,460	106,988
Other advances:		
Good	8,843	--
Doubtful	2,705	--
	-----	-----
	11,548	--
Advance payment of tax	200,640	25,790
Prepaid insurance	4,023	--
Security deposits with statutory authorities	90,350	86,650
Cash margin against guarantee	--	580,000
Excise duty	10,500	10,500
Other receivable	--	487,053
Harvesting income receivable	117,377	--
Godown rent receivable	--	--
	-----	-----
	436,665	1,189,993
Less: Provision for doubtful amounts:		
Advances to suppliers	(144,632)	--
Other advances	(2,705)	--
Other receivables	(35,918)	--
	-----	-----
	(183,255)	--
	-----	-----
	50,495	1,544,081
	=====	=====

18. CASH AND BANK BALANCE

In hand	68,866	36,771
At Banks:		
In current accounts	20,314	265,460
In foreign currency accounts	9,465	9,302
	-----	-----
	29,779	274,762
	-----	-----

		98,645	311,533
		=====	=====
19. SALES			
Sale	19.1	27,612,502	31,633,927
Trade discounts / commission		(649,674)	(1,580,501)
		-----	-----
		26,962,828	30,053,426
		=====	=====
19.1 Basic Wheat seed		18,105,476	16,946,583
Fuzzy Cotton seed		2,711,288	5,577,516
Paddy seed		808,207	721,980
Other seeds		2,386,283	3,676,499
Harvesting Income		3,601,248	4,711,349
		-----	-----
		27,612,502	31,633,927
		=====	=====
20. COST OF GOODS SOLD			
Raw material consumed	20.1	15,837,259	19,480,310
Raw material discarded	20.2	--	5,330,290
Finished goods discarded	20.3	--	4,918,829
Chemicals, stores and others		75,040	28,022
Salaries, wages & benefits		586,855	507,348
Fuel and power		415,830	259,919
Repair and maintenance (Plant & machinery)		88,803	31,295
Repair and maintenance (Building)		22,923	9,079
Insurance plant & machinery		48,425	--
Farm Expenses		1,781,575	1,106,484
Harvester expenses		1,810,884	2,102,534
Depreciation		5,834,994	6,483,327
Laboratory expenses		1,238	2,999
		-----	-----
		26,503,826	40,260,436
		-----	-----
Adjustments of finished goods			
Opening		18,657	5,462,425
Less: opening stock of discarded cotton seed		--	(5,312,070)
Closing		(72,078)	(18,657)
		-----	-----
		(53,421)	131,698
		-----	-----
		26,450,405	40,392,134
		=====	=====
20.1 RAW MATERIAL CONSUMED			
Raw Material Consumed - Fuzzy seed	20.1.1	2,249,600	4,174,383
Raw Material Consumed - Wheat	20.1.2	12,076,579	13,072,890
Raw Material Consumed - Canola	20.1.3	25,856	285,324
Raw Material Consumed - Mungbean	20.1.4	23,870	387,433
Raw Material Consumed - Gram	20.1.5	--	14,900

Raw Material Consumed - Gawara.	20.1.6	7,691	23,472
Raw Material Consumed - Paddy	20.1.7	705,419	624,847
Fertilizer consumed	20.1.8	265,254	410,021
Pesticides consumed	20.1.9	342,458	361,759
Sunflower consumed		--	125,281
Delinted cotton seed consumed		140,532	--
		-----	-----
		15,837,259	19,480,310
		=====	=====

20.1.1. Raw material consumed - Fuzzy

Opening stock		495,917	5,877,663
Raw material stock Discarded		--	(5,869,716)
Add: Purchases		1,753,683	4,662,353
		-----	-----
		2,249,600	4,670,300
Less: Closing Stock		--	(495,917)
		-----	-----
		2,249,600	4,174,383
		=====	=====

20.1.2 Raw material consumed - Wheat

Opening stock		902,533	220,407
Add: Purchases		11,174,046	13,755,016
		-----	-----
		12,076,579	13,975,423
Less: closing stock		--	(902,533)
		-----	-----
		12,076,579	13,072,890
		=====	=====

20.1.3 Raw material consumed - Canola

Opening stock		13,281	103,240
Add: purchases		12,575	195,365
		-----	-----
		25,856	298,605
Less: closing stock		--	(13,281)
		-----	-----
		25,856	285,324
		=====	=====

20.1.4 Raw material consumed - Mung bean

Opening stock		9,871	1,519
Add: Purchases		13,999	395,785
		-----	-----
		23,870	397,304
Less: Closing stock		--	(9,871)
		-----	-----
		23,870	387,433
		=====	=====

20.1.5 Raw material consumed - Gram

Opening stock	--	--
Add: Purchases	--	14,900
	-----	-----
	--	14,900
	-----	-----
Less: Closing stock	--	14,900
	=====	=====

20.1.6 Raw material consumed - Gawara

Opening stock	7,691	--
Add: Purchases	--	31,163
	-----	-----
	7,691	31,163
Less: Closing stock	--	(7,691)
	-----	-----
	7,691	23,472
	=====	=====

20.1.7 Raw material consumed - paddy

Opening stock	579,448	2,560
Add: purchases	125,971	1,201,735
	-----	-----
	705,419	1,204,295
Less: Closing stock	--	(579,448)
	-----	-----
	705,419	624,847
	=====	=====

20.1.8 Raw material consumed - Fertilizers

Opening stock	32,390	51,100
Add: purchases	232,864	391,311
	-----	-----
	265,254	442,411
Less: Closing stock	--	(32,390)
	-----	-----
	265,254	410,021
	=====	=====

20.1.9 Raw material consumed - pesticides

Opening stock	24,630	53,569	535,691
Add: purchases	317,828	332,820	
	-----	-----	
	342,458	386,389	
Less: Closing stock	--	(24,630)	
	-----	-----	
	342,458	361,759	
	=====	=====	

20.1.10 Purchases of seeds were made from the farmers and are without invoice due to general trade practice in the industry.

20.2 Raw material discarded (fuzzy)

Opening balance	--	5,869,716
Less: sale proceed of discarded seeds	--	(539,426)
	--	5,330,290

20.3 Finished goods discarded (cotton)

Opening balance	--	5,312,070
Less: sale proceed of discarded seeds	--	(393,241)
	--	4,918,829

21. ADMINISTRATIVE EXPENSES

Salaries, wages & benefits	793,983	743,060
Printing and stationery	87,140	68,828
Travelling and conveyance	8,797	4,218
Vehicles running and maintenance	60,152	57,210
Rent, rates and taxes	11,365	2,851
Postage and telegram	18,762	32,168
Electricity expenses	2,856	2,914
Telephone expenses	9,496	48,876
Entertainment	36,511	76,882
Newspaper and periodicals	2,189	1,968
Fee and subscription	1,500	1,100
Legal and professional charges	72,000	99,010
Auditor's remuneration	21.1 75,000	50,000
Canteen expenses	15,158	25,367
Repair & maintenance - Office equipment	14,425	8,040
Deferred cost amortized	--	291,832
Depreciation	1,494,325	1,979,157
Group insurance	41,012	51,739
Miscellaneous expenses	8,000	8,347
	2,752,671	3,553,567

21.1 Auditor's remuneration

Audit fee	50,000	30,000
Tax consultancy fee	25,000	20,000
	75,000	50,000

22. SELLING & DISTRIBUTION EXPENSES

Salaries, wages and benefits	308,165	342,705
Telephone expenses	166,996	124,329
Travelling and conveyance	60,544	123,170
Entertainment	46,363	10,753
Advertisement	37,500	7,185
Repair & maintenance - Vehicles	486,861	500,130

Loading and unloading	--	7,368
Packing and stores expenses	405,205	461,856
Freight & octroi	633,416	880,222
Bad debts write off - trade	258,467	--
Provision for doubtful debts:		
Trade debts	365,780	--
Other debts	183,255	--
Sale promotion expenses	33,845	44,737
Germination claims expenses	8,233	44,614
	-----	-----
	2,994,630	2,547,069
	=====	=====

23. FINANCIAL AND OTHER CHARGES

Financial

Mark up on redeemable capital-secured:		
Under mark up arrangements	2,273,981	8,005,694
Murabaha Finance	14,905	745,276
	-----	-----
	2,288,886	8,750,970
Lease finance charges	688,983	155,073
Bank charges	43,952	183,240
	-----	-----
	3,021,821	9,089,283
	=====	=====

24. OTHER INCOME

Seeds processing charges	1,782,539	310,021
Profit on foreign exchange fluctuation	163	977
Reversal of provision for doubtful debts	--	462,068
Profit on disposal of fixed assets	108,480	57,628
Others	267,612	216,948
	-----	-----
	2,158,794	1,047,642
	=====	=====

25. TAXATION

Prior Year	43,607	--
Current Year	134,814	--
	-----	-----
	178.42	--
	=====	=====

26. FINANCIAL ASSETS AND LIABILITIES

FINANCIAL ASSETS

	<i>INTEREST/MARK UP BEARING</i>			<i>NON INTEREST BEARING</i>			<i>2000</i>
	<i>Maturity up</i>	<i>Maturity after</i>	<i>Sub Total</i>	<i>Maturity up</i>	<i>Maturity after</i>	<i>Sub Total</i>	<i>Total</i>
	<i>to one year</i>	<i>one year</i>		<i>to one year</i>	<i>one year</i>		

	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Trade debtors	--	--	--	1,879,690	--	1,879,690	1,879,690
Advances, deposits, prepayments and other receivables	--	--	--	735,160	--	735,160	735,160
Cash and Bank balances	--	--	--	101,319	--	101,319	101,319
	-----	-----	-----	-----	-----	-----	-----
2000	--	--	--	2,716,169	--	2,716,169	2,716,169
	=====	=====	=====	=====	=====	=====	=====
1999	--	--	--	6,006,567	--	6,006,567	6,006,567
	=====	=====	=====	=====	=====	=====	=====
FINANCIAL LIABILITIES							
Redeemable capital	6,000,000	15,500,332	21,500,332	--	--	--	21,500,332
Loans and other borrowing	--	--	--	--	28,878,943	28,878,943	28,878,943
Liabilities against assets subject t	2,455,147	1,440,120	3,895,267	--	--	--	3,895,267
Short term borrowing	--	--	--	--	--	--	--
Finance under mark up arrange me	--	--	--	--	--	--	--
Advances and deposits	--	--	--	2,123,109	--	2,123,109	2,123,109
Creditors accrued and other liabilit	--	--	--	3,182,499	--	3,182,499	3,182,499
Guarantees	--	--	--	--	--	--	--
Letter of credits	--	--	--	--	--	--	--
Contingencies	--	--	--	100,167	--	--	100,167
Commitments	--	--	--	--	--	--	--
	-----	-----	-----	-----	-----	-----	-----
2000	8,455,147	16,940,452	25,395,599	5,405,775	28,878,943	34,184,551	59,680,317
	=====	=====	=====	=====	=====	=====	=====
1999	33,312,592	33,587,610	66,900,202	8,268,958	--	8,268,958	75,169,160
	=====	=====	=====	=====	=====	=====	=====

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, Out of total financial assets Rs. 2,716,169/- the financial assets which are subject to credit risk amounting to Rs. 2.615 million the company believes that it is not expected to major concentration of credit risk to manage exposure to credit risk as the company applies limits to its customers.

FOREIGN EXCHANGE MANAGEMENT

Financial assets of the company are not exposed to currency risk except foreign currency Dollar account of \$180 (Rs. 5229.90)

INTEREST/MARK UP RATE RISK

All financial assets of the company are not subject to interest and financial liabilities of Rs. 25.396 million are subject to fixed interest / mark up rate.

FAIR VALUE OF ASSETS

The carrying value of financial assets and liabilities reflected in the financial statements approximate to their fair value.

27. REMUNERATION OF DIRECTORS AND EXECUTIVE*Director**Executive*

PATTERN OF SHARE HOLDINGS**AS AT JUNE 30, 2000**

<i>Number of Share Holders</i>	<i>From Shares</i>	<i>Total Shares Held</i>	<i>To Shares</i>
5	1	500	100
3,422	101	1,709,900	500
2	501	2,000	1,000
4	1,001	11,000	5,000
5	5,001	49,000	10,000
0	10,001	0	15,000
1	15,001	18,100	20,000
1	20,001	21,000	25,000
1	25,001	29,500	30,000
0	30,001	0	35,000
1	35,001	38,200	40,000
0	40,001	0	55,000
1	55,001	57,300	60,000
0	60,001	0	95,000
2	95,001	200,000	100,000
0	100,001	0	110,000
2	110,001	229,200	115,000
0	115,001	0	145,000
2	145,001	299,000	150,000
0	150,001	0	165,000
2	165,001	334,700	170,000
0	170,001	0	195,000
1	195,001	200,000	200,000
0	200,001	0	215,000
1	215,001	219,200	220,000
0	220,001	0	275,000
1	275,001	275,800	280,000
0	280,001	0	305,000
1	305,001	305,600	310,000
-----			-----
3,455		Total	4,000,000
=====			=====

CATEGORIES OF SHAREHOLDERS

<i>Ctgr Code</i>	<i>Description</i>	<i>Number of Shareholders</i>	<i>Shares Held</i>	<i>Percentage of T. Capital</i>
1	Individuals	3,454	3,800,000	95.00
5	Financial Institution.	1	200,000	5.00
Total:		3,455	4,000,000	100.00
		=====	=====	=====