

DATA AGRO LIMITED

Annual Reports 2003

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COMPANY INFORMATION

Chief Executive: Mr. Faaiz Rahim Khan

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

Company Secretary: Mr. Usman Khalil

Audit Committee: Mr. Faaiz Rahim Khan (Chairman)
Mr. Shamim Ahmad Khan (Member)
Mr. Muhammad Ayub Khan (Member)

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. (E.C.)
Habib Bank Limited
Allied Bank of Pakistan Limited
The Bank of Punjab
Muslim Commercial Bank Ltd.
PICIC Commercial Bank Ltd.

Legal Advisor: Ashtar AN & 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 11th Annual General Meeting of Shareholders of Data Agro Limited will be held on Friday, October 31, 2003 at 11.00 A.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 10th Annual General Meeting held on December 31, 2002.
2. To receive and adopt the Audited Accounts of the company along with Directors and Auditors reports thereon, for the year ended June 30, 2003.

3. To appoint Auditors of the company for the year ending June 30, 2004 and to fix their remuneration. The retiring Auditors M/s Mansha Mohsin Dossani Khan & Company (Chartered Accountants), being eligible has offered themselves for re-appointment.

4. Any other business with the permission of the chair.

The Share Transfer Books of the Company will remain close from October 28, 2003 to November 03, 2003 (both days inclusive).

BY ORDER OF THE BOARD

(USMAN KHALIL)
Company Secretary

Lahore

September 30, 2003.

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 11 * annual report alongwith the audited accounts for the year ended June 30,2003.

Performance Review

In this year the company has processed seeds of cotton, wheat, paddy etc. There is an increase in the capacity utilization as compared to last year. The company has also processed 2378 Metric Tons of seeds of third parties

	2003 (Metric Tons)	2002 (Metric Tons)
Production	424	331

Financial Results

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

	2003 (Rupees)	2002 (Rupees)
Sales	20,974,064	20,403,341
Cost of Sale	17,086,460	16,490,176
Gross Profit	3,887,604	3,913,165
Less:		
Operating Expenses	4,759,130	4,578,814
Financial & Other Charges	33,871	326,788
Other Income	120,099	279,709
Taxation	248,536	112,483
Profit/ (Loss) after Taxation	-1,033,834	-825,211

In the previous years the main activity of the company was to produce cotton and wheat seed. The overall performance of the Cotton Seed Industry was subdued over the past three years due to a number of reasons. To overcome this disappointing growth of industry, the management has taken concrete steps to enhance its operational activities and at the same time bring in diversification in its products.

During the period under review, your company has done well even though sale price of products did not rise as was earlier predicted. The Company has sold delinted cotton seed, Fuzzy cotton seed and wheat seed besides harvesting of Wheat and Rice crops. The company has also processed seeds of third parties. On account of diversification, we have started commercial production of our hybrid corn seed after its successful trial

production. Expenses incurred on the production of hybrid corn seed and maintenance of harvesters decreases the profitability of the company. Further outcome of Hybrid corn seed will be reflected in the next quarter.

We have further decreased the debt burden by Rs. 6 million with the aid of interest free loan. The debt equity and current ratio of the company has improved tremendously. The capacity utilization is still low and needs to be increased. We want to attain the capacity utilization slowly without taking any fresh loans from external sources and without compromising quality standards. These steps have been taken in order to reduce the financial cost on the company.

Earning pershare

Earning per share of Rs. 10/- each is Rs. (0.26) as compared to Rs. 0.21 last year.

Code of Corporate Governance

The Board has adopted the Code of Corporate Governance, which was recently inserted in the listing <regulations of the Stock Exchanges as directed by the Securities & Exchange Commission of Pakistan. As required by the Code, it is stated that:

1. The financial statements prepared by the management present fairly the company's state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of accounts have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements.
4. International Accounting Standards, as applicable in Pakistan have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored. The process of review will continue and any weakness in controls will be reviewed.
6. The company has followed the best practices of Corporate Governance, as detailed in the listing regulations wherever possible.
7. An Audit Committee has been formed consisting of one executive and two non-executive directors. (1) Mr. Faaiz Rahim Khan (2) Mr. Muhammad Ayub Khan (3) Mr. Shamim Ahamd Khan.
8. Key operating and financial data of last six years is annexed.
9. During the year four board meetings were held. Attendance by each director is as follows:

Name of Directors	Number of Board Meetings Attended	Leave Granted
Mr. Faaiz Rahim Khan	5	-
Mr. Umar Sadik	5	
Mr. Asif Rahim Khan	3	2
Mr. Shamim Ahamd Khan	4	1
Mr. Muhammad Ayub Khan	4	1
Mr. Sohail Ahmad Khan	3	2
Mrs. Badar Hussain	2	3

10. The Company has not declared any dividend due to operational losses.

Future Outlook

Our major focus for the next year is capacity utilization without compromising quality and seeking further diversification in our products. After the successful production of hybrid corn seed, our team of technical experts is now engaged in producing our own organic fertilizer and micronutrients. The resulting products will enable greater yield to crops and enhance fertility to the land. We hope that our diversification strategy will bring promising results for your company.

In the next quarter we are aiming to harvest basmati rice, processing and sale of wheat seed and purchase of cotton seed for delinting.

The management has raised additional funding of Rs. 4.500 million aggregating it to Rs. 39.879 million (interest free director's loan) (2002: Rs. 35.378 million). These funds have been utilized in retirement of interest bearing debts. Moreover, positive equity of Rs. 6.228 million and working capital of Rs. 3.548 million reflects the turnaround position of Company's financial health.

Auditors

The present Auditors Messrs. Mansha Mohsin Dossani Khan & Company, Chartered Accountants, retired and being eligible, offers themselves for reappointment.

Pattern of Shareholding

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

Acknowledgment

I want to thank our employees, customers and suppliers for their continued support and faith in the company. All our shareholders must closely examine the results and see that we are making progress in the right direction. I would like to express our gratitude to share holders who have patiently waited for the revival of the company.

Lahore

FAAIZ RAHIM KHAN

September 19, 2003

Chief Executive

KEY OPERATING AND FINANCIAL DATA FOR THE LAST SIX YEARS

BALANCE SHEET

Capital & Liabilities	2003 Rupees	2002 Rupees	2001 Rupees	2000 Rupees	1999 Rupees	1998 Rupees	1997 Rupees
Share Capital & Reserves							
Authorised Capital							
5,000,000 Ordinary Shares of Rs. 10 each fully paid in cash	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Issued, Subscribed and Paidup Capital							
4,000,000 Ordinary Shares of Rs. 10 each fully paid in cash	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000
Accumulated Profit/ (Loss)	-66,731,151	-65,697,317	-64,872,106	-65,748,941	-59,472,615	-34,941,541	-41,517,000
	-26,731,151	-25,697,317	-24,872,106	-25,748,941	-19,472,615	-5,058,459	-1,517,000
Surplus on Revaluation of Fixed Assets	32,959,224	32,959,224	32,959,224	32,959,224	32,959,224	32,959,224	32,959,000
Redeemable Capital	-	3,500,758	9,500,758	15,500,332	30,167,254	49,310,738	9,788,000
Liabilities against Assets subject of Finance Lease	-	-	-	1,520,120	3,420,356	-	-
Long Term Loans	39,878,943	35,378,943	31,378,943	28,878,943	-	-	11,634,000
Current Liabilities ^	8,296,064	10,365,945	12,792,399	13,815,569	41,631,639	13,890,519	67,936,000
Short Term Running Finance	-	-	-	-	4,382,042	3,452,330	54,829,000
Redeemable Capital	3,500,758	6,000,000	6,000,000	6,000,000	27,030,906	5,342,661	1,912,000
Liabilities against assets subject to Finance Lease	-	-	1,520,120	2,375,147	1,899,644	-	322,000
Advances and Deposits	426,778	190,728	189,728	2,123,109	3,403,319	211,653	26,000
Creditors, Accrued & Other Liabilities	4,253,192	4,062,734	4,949,076	3,182,499	4,865,639	4,883,875	10,847,000
Provision for Taxation	115,336	112,483	133,475	134,814	50,089	-	-
	54,403,080	56,507,553	61,759,218	66,925,247	88,705,858	101,218,940	120,800,000
FIXED CAPITAL EXPENDITURES							
Operating fixed assets-Tangible	43,546,880	47,846,653	52,843,494	58,525,008	72,879,173	79,456,725	77,480,000
Assets subject to Finance Lease	2,512,978	3,141,222	3,926,528	4,908,160	6,135,200	337,264	-
Deferred Costs	-	-	-	-	-	291,832	636,000
Current Assets	8,343,222	5,519,678	4,989,196	3,492,079	9,691,485	21,133,119	42,684,000
Stores, Spares & Loose Tools	1,644,252	1,520,477	1,515,158	1,409,418	1,600,500	1,207,477	1,325,000
Stock In Trade	826,458	624,617	906,217	72,078	2,084,418	11,772,483	12,628,000
Trade Debtors	1,595,255	1,898,259	1,410,683	1,336,902	4,150,953	5,770,210	26,521,000
Advances, Deposits, Prepayments & Other Receivables	1,239,159	1,100,982	860,832	575,036	1,544,081	2,162,529	1,588,000
Cash & Bank Balances	3,038,098	375,343	296,306	98,645	311,533	220,450	622,000
	54,403,080	56,507,553	61,759,218	66,925,247	88,705,858	101,218,940	120,800,000

PROFIT AND LOSS ACCOUNT

	2003	2002	2001	2000	1999	1998	1997
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	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Sales	20,974,064	20,403,341	24,057,482	28,745,367	30,053,426	25,635,194	19,849,000
Cost of Sales	17,086,460	16,490,176	18,402,781	26,450,405	40,392,134	18,493,782	25,536,000
Gross Profit/ (Loss)	3,887,604	3,913,165	5,654,701	2,294,962	-10,338,708	7,141,412	-5,687,000
Operating Expenses	4,759,130	4,578,814	4,924,587	5,747,301	6,100,636	4,158,800	5,989,000
Administrative	2,537,363	2,619,912	2,799,414	2,752,671	3,553,567	2,102,475	3,403,000
	2,221,767	1,958,902	2,125,173	2,994,630	2,547,069	2,056,325	2,586,000
Operating Profit/ (Loss)	-871,526	-665,649	730,114	-3,452,339	-16,439,344	2,982,612	-11,676,000
Other Income	120,099	279,709	413,299	376,255	1,047,642	331,070	2,264,000
Financial Charges and other charges	33,871	326,788	463,933	3,021,821	9,089,283	8,372,389	16,368,000
Profit / (Loss) for the year before taxation .	-785,298	-712,728	679,480	-6,097,905	-24,480,985	-5,058,707	-25,780,000
Unusual Items	-	-	-	-	-	11,634,334	-
	740,998	-712,728	679,480	-6,097,905	-24,480,985	6,575,627	-25,780,000
Provision for Taxation	-248,536	-112,483	197,355	-178,421	-50,089	-	-
Profit / (Loss) for the year after taxation	-1,033,834	-825,211	876,835	-6,276,326	-24,531,074	6,575,627	-25,780,000
Unappropriated Profit / (Loss) Brought forward	-65,697,317	-64,872,106	-65,748,941	-59,472,615	-34,941,541	-41,517,000	-15,737,000
Unappropriated Profit / (Loss) Carried forward	-66,731,151	-65,697,317	-64,872,106	-65,748,941	-59,472,615	-34,941,373	-41,517,000

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CORPORATE GOVERNANCE

The requirements of the Code of the Corporate Governance set out by the Karachi, Lahore and Islamabad Stock Exchanges in their Listing Rules, relevant for the year ended June 30, 2003 have been duly complied with.

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Data Agro Limited to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange and Chapter XII of the Lahore Stock Exchange where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective-audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2003.

Place: Lahore.

MANSHA MOHSIN DOSSANI KHAN & CO.

Date: September 19, 2003

(Chartered Accountants)

STATEMENT OF ETHICS AND BUSINESS PRACTICES

Data Agro Limited was established with an aim of producing quality delinted seed for its customers. The following core values have been incorporated in our System to promote ethical business practices while producing quality products.

THE QUALITY OF PRODUCT

We strive to produce the best quality delinted seed for our customers. We continuously update our selves with technological advancements in seed delinting technology and strive to implement these changes in our company. We maintain all relevant technical and professional standards to be compatible with the requirements of the trade.

EMPLOYEES

Recruitment of personnel on merit offering training and career development, equal opportunities of growth, no discrimination or harassment and reward for achievements. Improved working conditions, ensuring safety and health. Terminal benefits as per policy on retirement or redundancy.

Employees shall not use Company information and assets for their personal advantage. Conflict of interest shall be avoided and disclosed where it exists and guidance sought.

CUSTOMER RELATION

Ensure Customer satisfaction by providing quality products at competitive prices and ensuring after sale service and advice. Prompt, efficient attention to complaints is integral to our client care commitment.

SHARE HOLDERS, FINANCIAL INSTITUTIONS & CREDITORS

Protection of investment made in the company. We focus on maximizing long term share holder's value through strong financial performance and returns, disciplined and profitable expansion. A commitment to accurate and timely communication on achievements and prospects.

SUPPLIERS

Prompt settling of bills. Co-operation to achieve quality and efficiency, No bribery or excess hospitality accepted or given.

SOCIETY/COMMUNITY

Compliance with the spirit of laws. Timely payment of all Government taxes and dues. Eliminate the release of substance that may cause environmental damage. Financial assistance for promoting education and social activities including games and donations charity to deserving.

GENERAL

The Company shall neither support any political party nor contribute funds to groups or associations whose activities promote political interest through trade association.

IMPLEMENTATION

Company Board to ensure implementation of these codes, regular monitoring, review for modification / amendment where necessary.

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of DATA AGRO LIMITED as at June 30, 2003 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, and 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 conducted 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 whether the above said statements are free of any material misstatement. An audit includes examining on test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, 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 30,2003 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

Place: Lahore.

MANSHA MOHSIN DOSSANI KHAN & CO.

Date: September 19, 2003

(Chartered Accountants)

BALANCE SHEET

	Notes	2003 (Rs.)	2002 (Rs.)
CAPITAL & LIABILITIES			
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		i 40,000,000	40,000,000
Accumulated profit/(loss)		-66,731,151	-65,697,317
		-26,731,151	-25,697,317
SURPLUS ON REVALUATION			
OF FIXED ASSETS	3	32,959,224	32,959,224
REDEEMABLE CAPITAL	4		3,500,758
LONG TERM LOANS	5	39,878,943	35,378,943
CURRENT LIABILITIES			
Current portion of redeemable capital		3,500,758	6,000,000
Advances and deposits	6	426,778	190,728
Creditors, accrued and other liabilities	7	4,253,192	4,062,734
Provision for Taxation	8	115,336	112,483
		8,296,064	10,365,945
CONTINGENCIES AND COMMITMENTS	9		
		54,403,080	56,507,553
	Notes	2003 (Rs.)	2002 (Rs.)
FIXED CAPITAL EXPENDITURES			
Operating fixed assets - tangible	10	43,546,880	47,846,653
Assets subject to finance lease	11	2,512,978	3,141,222
CURRENT ASSETS			
Stores, spares and loose tools	12	1,644,252	1,520,477
Stock in trade	13	826,458	624,617
Trade debtors	14	1,595,255	1,898,259
Advances, deposits, prepayments			
and other receivables	15	1,239,159	1,100,982
Cash and bank balances	16	3,038,098	375,343
		8,343,222	5,519,678

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2003

	Notes	2003 (Rs.)	2002 (Rs.)
SALES	17	20,974,064	20,403,341
COST OF SALES	18	17,086,460	16,490,176
Gross Profit/ (Loss)		3,887,604	3,913,165
OPERATING EXPENSES			
Administrative	19	2,537,363	2,619,912
Selling & distribution	20	2,221,767	1,958,902
		4,759,130	4,578,814
Operating Profit/ (Loss)		-871,526	-665,649
Financial and other charges	21	33,871	326,788
		-905,397	-992,437
Other income	22	120,099	279,709
Profit / (Loss) before Taxation		-785,298	-712,728
Taxation	23	-248,536	-112,483
Profit / (Loss) after Taxation		-1,033,834	-825,211
Unappropriated Profit / (Loss) brought forward		-65,697,317	-64,872,106
Unappropriated Profit / (Loss) carried forward		-66,731,151	-65,697,317
Earning / (loss) per share	26	-0.26	-0.21

The annexed notes form an integral part of these accounts

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2003

	2003 (Rs.)	2002 (Rs.)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	-785,298	-712,728
Adjustment for:		
Depreciation	4,970,017	5,609,467
Profit on disposal of fixed assets	-	-132,321
Profit on foreign exchange	185	306
Financial charges	33,871	176,788
Workers Profit Participation Fund.	-	-
Operating Profit before working capital changes (Increase) / decrease in current assets	4,218,775	4,941,512
Stores, spares and loose tools	-123,775	-5,319
Stock in trade	-201,841	281,600
Trade debtors	303,004	-487,576
Advances, deposits, prepayments and other receivables	-338,257	-136,879
Increase /(decrease) in current liabilities	-360,869	-348,174
Advances from customers	236,050	1,000
Creditors, accrued and other liabilities	198,827	-847,154
	434,877	-846,154
Cash generated from / (utilized in) operation	4,292,783	3,747,185
Financial charges paid	-33,871	-221,096
Profit on foreign exchange	-185	-306
Income Tax paid	-53,971	-231,626
Net cash from/(used in) operating activities	4,204,756	3,294,157
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	-42,000	-
Sale proceed of fixed assets	-	305,000
Net cash from / (used in) investing activities	-42,000	305,000
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loans	4,500,000	4,000,000
Repayment of redeemable capital	-6,000,000	-6,000,000
Repayment of finance lease liability	-	-1,520,120
Repayment of short-terms running finance	-	-
Net cash from/(used in) financing activities	-1,500,000	(3,520,120)
Net Increase / (Decrease) In Cash And Cash Equivalent	2,662,755	79,037
Cash and Cash Equivalent at the Beginning of the period	375,343	296,306
Cash and Cash Equivalent at the end of the period	3,038,098	375,343
Cash in hand	493,762	51,729
Cash at Bank :-		
Current Accounts:		
Debit	2,544,336	323,614
Credit		-

2,544,338	323,614
3,038,098	375,343

The annexed notes form an integral part of these accounts.

STATEMENT OF CHANGES IN EQUITY
AS AT JUNE 30, 2003

PARTICULARS	SHARE CAPITAL (Rs.)	REVALUATION SURPLUS (Rs.)	ACCUMULATED PROFIT/(LOSS) (Rs.)	TOTAL (Rs.)
Balance as at June 30, 2001	40,000,000	32,959,224	-64,872,106	8,087,118
Net profit / (loss) for the year	-	-	-825,211	-825,211
Balance as at June 30, 2002	40,000,000	32,959,224	-65,697,317	7,261,907
Net profit / (loss) for the year	-	-	-1,033,834	-1,033,834
Balance as at June 30, 2003	40,000,000	32,959,224	-66,731,151	6,228,073

The annexed notes form an integral part of these accounts.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2003

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 Compliance With International Accounting Standards

These accounts comply with International Accounting Standards, as applicable in Pakistan, in all material respects.

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

Minor renewals or replacements are charged to the income of the year and major renewals 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.11. Depreciation of leased assets is charged to income.

2.5 Stores, spares and loose tools

These 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.

2.11 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, which ever is higher.

Deferred

The company accounts for deferred taxation on all significant differences using the liability method. However, deferred tax is not provided if it can be established with reasonable probability that differences will not reverse in the foreseeable future.

	2003 (Rs.)	2002 (Rs.)
3. SURPLUS ON REVALUATION OF FIXED ASSETS		
This represent revaluation surplus on Freehold Land, Building and Plant & Machinery carried out on June 30, 1996.	32,959,224	32,959,224

4. REDEEMABLE CAPITAL - SECURED

Habib bank Ltd. (FAF-1)	4.1		
Opening Balance		9,500,758	15,500,758
Add: Borrowed during the year		-	-
		9,500,758	15,500,758
Less: Repaid during the year		6,000,000	6,000,000
		3,500,758	9,500,758
Current maturity shown under current liabilities		-3,500,758	-6,000,000
		-	3,500,758

4.1 This facility was previously rescheduled on 15-08-97 and is again rescheduled on 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. No markup will be charged after rescheduling if the payments are made on the due dates.

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

6. ADVANCES AND DEPOSITS		425,626	189,576
- Customers		1,152	1,152
- Security deposits		426,778	190,728

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

7. CREDITORS, ACCRUED AND OTHER LIABILITIES		1,883,548	1,883,548
Trade creditors		1,066,334	906,797
Accrued expenses		7,1715,816	715,816
Worker's profit participation fund		5,860	14,229
Withholding tax		581,634	542,344
Other liabilities		4,253,192	4,062,734

	2003	2002
	(Rs.)	(Rs.)

7.1 WORKERS' PROFIT PARTICIPATION FUND

Opening balance		715,816	715,816
Add: Allocation for the year		-	-
		715,816	715,816
Less: Paid during the year			
Closing Balance		715,816	715,816

8. PROVISION FOR TAXATION

Opening balance		112,483	133,475
Add: Provision for the year			
-Current year		104,870	102,017
-Prior year		-	10,466
		104,870	112,483
Less: Adjustment against completed assessments		102,017	133,475
		115,336	112,483

Provision for taxation for the current year has been made on the basis of minimum tax liability under section 113 of the Tax Ordinance 2001 due to brought forward assessed business losses and unabsorbed depreciation of Rs. 28.2 Million.

9. CONTINGENCIES AND COMMITMENTS

9.1 Claim of Tekmatex Marubeni, supplier of machinery, of Rs. 20.01 million (US \$ 317,250) not acknowledge by the company as debt. Whereas the company has filed a Civil suit for damages of Rs. 270.54 million against Tekmatex Marubeni for supply of faulty machinery in the Civil court Lahore which is pending for adjudication. The management expect that the case would be decided in favour of the company therefore, no provision for claim has been provided in the accounts.

A claim of Rs. 394,800/- being penalty for delay in payment of installment is imposed by Director General, Agriculture (Field) Punjab, Lahore. The company has requested to concerned Department to give the concession of late payment charges. The management expects that the matter of late payment will be settled in favour of the company, therefore, no provision for claim has been provided for in the accounts.

9.2 COMMITMENTS

10. OPERATING FIXED ASSETS- TANGIBLE

PARTICULARS	COST/REVALUATION			Rate		DEPRECIATION			W.D.V	
	As at 01-07-2002	Additions during the year	(Deletions) during the year	As at 30-06-2003	%	As at 01-07-2002	Adjustment during the year	For the year	As at 30-06-2003	As at 30-06-2003
Land Freehold	2,237,000	-	-	2,237,000						2,237,000
Building on Freehold Land	17,396,489	-	-	17,396,489	10	10,122,297	-	727,419	10,849,716	6,546,773
Plant & machinery	83,416,871	11,000	-	83,427,871	10	48,153,960	-	3,527,391	51,681,351	31,746,520
Furniture, Fixture & Fittings	1,105,574	31,000	-	1,136,574	10	600,722	-	53,585	654,307	482,267
Vehicles	1,018,130	-	-	1,018,130	20	851,245	-	33,377	884,622	133,508
Capital work in progress (Civil Works)	2,400,813	-	-	2,400,813				-	-	2,400,813
2003	107,574,877	42,000	-	107,616,877		59,728,224	-	4,341,773	64,069,997	43,546,880
2002	108,101,852	-	526,975	107,574,877		55,258,359	354,296	4,824,161	59,728,224	47,846,653

11. ASSETS SUBJECT TO FINANCE LEASE

PARTICULARS	COST/REVALUATION			Rate		DEPRECIATION			W.D.V	
	As at 01-07-2002	Additions during the year	(Deletions) during the year	As at 30-06-2003	%	As at 01-07-2002	Adjustment during the year	For the year	As at 30-06-2003	As at 30-06-2003
Harvesting equipment	7,669,000	-	-	7,669,000	20	4,527,778	-	628,244	5,156,022	2,512,978
2003	7,669,000	-	-	7,669,000	-	4,527,778	-	628,244	5,156,022	2,612,978
2002	7,669,000	-	-	7,669,000		3,742,472	-	785,306	4,527,778	3,141,222

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

AoSt I b	ELEMENT INCLUDED IN WRITTEN DOWN VALUE AS AT 30-06-2003	
	2003 (Rs.)	2002 (Rs.)
Land freehold	591,059	591,059
Building freehold	838,265	931,405
Plant & machinery	13,095,169	14,550,188
	14,524,493	16,072,652

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	727,419	808,244
Plant & machinery	3,527,391	3,918,101
	4,254,811	4,726,345

ADMINISTRATIVE EXPENSES

Furniture fixture and equipment	53,585	56,095
Vehicles	33,377	41,721
Assets subject to finance lease	628,244	785,306
	715,207	883,122

12. STORES, SPARES AND LOOSE TOOLS	2003 (Rs.)	2002 (Rs.)
	Stores and spares	1,455,642
Loose tools	188,61	199,865
	1,644,252	1,520,477

12.1 There were no stores held for specific capitalization as at 30-6-2003 (2002: Rs. NIL)

13. STOCK IN TRADE

Raw material	238,556	524,617
Finished goods	532,202	-
Waste material	55.7	100
	826,458	624,617

14. TRADE DEBTORS -UNSECURED

Considered good	1,595,255	1,898,259
Considered doubtful	234.955	854.752
	1,830,210	2,753,011
Less: Provision for doubtful debts	-234.955	-854.752

15. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	1,595,255	1,898,259
Advances to suppliers'		
Considered Good	-	-
Considered Doubtful	-	167,650
Advances to staff	-	167,650
Considered Good	274,243	194,232
Considered Doubtful	-	82,520
	274,243	276,752
Other advances		
Considered Good	31,508	7,283
Considered Doubtful	-	2,705
	31,508	9,988
Advance payment of tax	180,332	380,412
Security deposits with statutory authorities	90,350	90,350
Excise duty	10,500	10,500
Income tax refund	465,559	330,830
Prepaid lease farm	186,667	87,375
	933,408	899,467
	1,239,159	1,353,857
Less: Provision for doubtful amounts:		
Advances to suppliers	-	-167,650
Advances to staff	-	-82,520
Other advances	-	-2,705
	-	-252,875
	1,239,159	1,100,982

15.1 Included in advances to staff are amounts due from executives Rs. 167,543/- (2002 Rs. 141,530/-). The maximum aggregate amount due from executives at the end of any month was Rs. 167,543/- (2002 Rs. 141,530/-)

	Note	2003 (Rs.)	2002 (Rs.)
16. CASH AND BANK BALANCES			
In hand		493,762	51,729
At banks'			
In current accounts		2,538,519	317,612
In foreign currency accounts (\$ 100)		5,817	6,002
		2,544,336	323,614
17 SALES		3,038,098	375,343
Sales	17.1	21,619,724	20,466,892
Less: Trade discounts / commission		-645,660	-63,551
		20,974,064	20,403,341
17.1 Basic Wheat seed		773,077	1,042,534
Fuzzy Cotton seed		10,569,116	8,395,728
Hybrid seed		1,762,230	-
Others		282,960	39,505
Seed processing		5,228,465	8,459,211
Harvesting		3,003,876	2,529,914
		21,619,724	20,466,892
		21,619,724	20,466,892
18. COST OF GOODS SOLD			
Raw material consumed	18.1	9,680,041	7,268,552
Chemicals, stores and others		311,842	495,049
Salaries, wages & benefits	18.2	322,325	291,252
Fuel and power		939,398	1,137,907
Repair and maintenance (Plant & machinery		93,678	386,069
Repair and maintenance (Building)		2,362	11,563
Insurance plant & machinery		-	5,120
Farm expenses		23,191	249,178
Harvester expenses		1,986,927	1,884,332
Laboratory expenses		4,087	9,174
Depreciation		4,254,811	4,726,345
		17,618,662	16,464,541
Adjustments of finished goods			

Opening		-	25,635
Closing		-532,202	-
		-532,202	25,635
		17,086.46	16,490,176
18.1 RAW MATERIAL CONSUMED			
Raw Material Consumed - Fuzzy seed	18.1.1	8,173,415	5,775,007
Raw Material Consumed - Wheat	18.1.2	524,617	1,493,545
Raw Material Consumed - Hybrid Corn seed	18.1.3	982,009	-
		9,680,041	7,268,552
	Note	2003	2002
		(Rs.)	(Rs.)
18.1.1 Raw material consumed - Fuzzy Seed			
Opening stock		100,000	
Add: Purchases		8,076,685	5,875,007
Add: Freight on purchases		52,430	-
		8,229,115	5,875,007
Less: Closing stock		-55,700	-100,000
18.1.2 Raw material consumed - Wheat		8,173,415	5,775,007
Opening stock		524,617	880,582
Add: Purchases		-	1,137,580
Available for use		524,617	2,018,162
Less: Closing stock		-	-524,617
18.1.3 Raw material consumed - Hybrid Corn seed		524,617	1,493,545
Opening stock			
Add: Purchases		1,220,565	-
Available for use		1,220,565	-
Less: Closing stock		-238,556	-
		982,009	-

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

18.2 These includes Rs. NIL (2002: Rs. NIL) in respect of staff retirement benefits.

19. ADMINISTRATIVE EXPENSES

Salaries, wages & benefits	19.1	983,453	927,747
Printing and stationery		157,055	138,076
Travelling and conveyance		12,804	12,251
Vehicles running and maintenance		220,231	236,647
Rent, rates and taxes		11,320	23,604
Postage and telegram		87,090	68,526
Electricity expenses		22,440	11,784
Telephone expenses		11,297	5,047
Entertainment		41,474	59,855
Newspaper and periodicals		2,565	2,796
Legal and professional charges		72,000	72,000
Auditor's remuneration	19.2	115,000	100,000
Canteen expenses		29,411	31,002
Repair & maintenance - Office equipment		5,384	150
Depreciation		715,207	883,122
Miscellaneous expenses		50,632	47,305
		2,537,363	2,619,912

19.1 These includes Rs. 41,573/- (2002: Rs. 40,921/-) in respect of staff retirement benefits.

		2003	2002
		(Rs.)	(Rs.)
19.2 Auditor's remuneration			
Audit fee		75,000	75,000
Tax consultancy fee		40,000	25,000
		115,000	100,000

20. SELLING & DISTRIBUTION EXPENSES

Salaries, wages and benefits	20.1	1,042,944	1,059,614
Telephone expenses		136,023	120,335
Travelling and conveyance		168	-
Entertainment		7,114	7,169

Advertisement	67,129	23,500
Repair & maintenance - Vehicles	185,874	79,341
Germination Claim	4,048	
Packing and stores expenses	512,255	425,723
Freight & octroi	250,800	175,555
Provision for doubtful debts:		
Trade debts	-	54,165
Other debts	-	-
Sale promotion expenses	15,412	13,500
	2,221,767	1,958,902

20.1 These includes Rs. NIL (2002: Rs. 18,277/-) in respect of staff retirement benefits.

21. FINANCIAL AND OTHER CHARGES

Financial		
Lease finance charges	-	168,372
Bank charges	8,871	8,416
	8,871	176,788
Other Charges		
Stock exchange fees	25,000	150,000
	33,871	326,788

22. OTHER INCOME

Profit / (Loss) on foreign exchange fluctuation	-185	-306
Profit on disposal of fixed assets	-	132,321
Others	120,284	147,694
	120,099	279,709

23. TAXATION

Current Year	104,870	102,017
Prior Year		
Debit	143,666	10,466
Credit	-	-
	143,666	10,466
	248,536	112,483

23.1 The income tax assessment of the company have been completed upto the income year ended June 30, 2002 relevant to assessment year 2002-2003 and the aggregate assessed business loss and unabsorbed depreciation is Rs. 28.223 million.

24. FINANCIAL ASSETS AND LIABILITIES

FINANCIAL ASSETS

	INTEREST /MARK UP BEARING			NON INTEREST BEARING			2003 Total
	Maturity up to one_year Rs.	Maturity after one year Rs.	Rs.	Maturity up to one year Rs.	Maturity after one year Rs.	Rs.	
Trade debtors	-	-	-	1,595,255	-	1,595,255	1,595,255
Advances, deposits, prepayments and other receivables	-	-	-	1,239,159	-	1,239,159	1,239,159
Cash and Bank balances	-	-	-	3,038,098	-	3,038,098	3,038,098
2003	-	-	-	5,872,512	-	5,872,512	5,872,512
2002	-	-	-	3,237,032	-	3,237,032	3,237,032
FINANCIAL LIABILITIES							
Redeemable capital -Secured	-	3,500,758	3,500,758	-	-	-	3,500,758
Loans and other borrowings-Unsecured	-	-	-	-	39,878,943	39,878,943	39,878,943
Advances and deposits-Unsecured	-	-	-	426,778	-	426,778	426,778
Creditors accrued and other liabilities-Unsecured	-	-	-	4,253,192	-	4,253,192	4,253,192
Contingencies	-	-	-	20,406,930	-	20,406,930	20,406,930
2003	-	3,500,758	3,500,758	25,086,900	39,878,943	64,965,843	68,466,601
2002	6,000,000	3,500,758	3,500,758	24,660,392	35,378,943	60,039,335	69,540,093

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. 5,872,512/- (2002: Rs. 3,237,032/-) the financial assets which are subject to credit risk amounting to Rs. 1.595 million (2002 Rs. 1.761 million). The company believes that it will not be exposed to manage credit risk as the company applies limits to its customers and monitors debt on continuous basis.

FOREIGN EXCHANGE MANAGEMENT

Financial assets of the company are not exposed to currency risk except foreign currency Dollar account of \$100 (Rs. 5,817)

INTEREST / MARK UP RATE RISK

The company is exposed to interest / mark-up rate risk on some of the financial obligation. Significant financial assets / liabilities which are exposed to various rate of interest are mentioned in the respective notes to the accounts.

FAIR VALUE OF ASSETS

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

25. REMUNERATION OF DIRECTORS AND EXECUTIVES

	Directors		Executives	
	2003 (Rs.)	2002 (Rs.)	2003 (Rs.)	2002 (Rs.)
Remuneration	-	-	828,400	828,400
Utilities	-	-	41,420	41,420
House rent allowance	-	-	372,780	372,780
	-	-	1,242,600	1,242,600
Number of persons	-	-	2	2

Executives have been provided free use of company 's maintained car for official use only . No remuneration is paid to Chief Executive and directors during the year.

26. EARNING / (LOSS) PER SHARE

Net profit /(loss) for the year after taxation	-1,033,835	-825,211
Average ordinary shares in issue during year ended June 30, 2003	4,000,000	4,000,000
Earning / (loss) per share	-0.26	-0.21

27. NUMBER OF EMPLOYEES

	20 Nos.	20 Nos.
--	---------	---------

28. TRANSACTION WITH ASSOCIATED UNDERTAKING

Services rendered / received

29. CAPACITY AND PRODUCTION

	Capacity		Actual 2003	Production 2002
Delinted & fuzzy cotton seed	10,000 MT	29.1	300	230
Other seeds	10,000 MT	29.1	124	101
			424	331

29.1 Capacity for 24 hours per 100 days.

Due to perishable nature of the product, the actual production is limited to market demand. Other parties seed processing was 2,378 MT (2002: 3,869 MT).

30. FIGURES

-have been rounded off to the nearest rupee.

-of corresponding year have been rearranged for comparison wherever necessary.

DATA AGRO LIMITED

FORM 34

The Companies Ordinance, 1984

(Section 236)

PATTERN OF SHARE HOLDINGS

AS AT JUNE 30, 2003

Number of Share Holders	From Shares	To Shares	Total Shares Held
9	1	100	900

3,347	101	500	1,672,000
3	501	1,000	3,000
5	1,001	5,000	13,000
4	5,001	10,000	39,000
0	10,001	15,000	0
1	15,001	20,000	18,100
1	20,001	25,000	21,000
1	25,001	30,000	29,500
1	30,001	35,000	34,500
1	35,001	40,000	38,200
0	40,001	65,000	0
1	65,001	70,000	67,300
0	70,001	95,000	0
2	95,001	100,000	200,000
0	100,001	110,000	0
2	110,001	115,000	229,200
0	115,001	145,000	0
2	145,001	150,000	299,000
0	150,001	165,000	0
2	165,001	170,000	334,700
0	170,001	195,000	0
1	195,001	200,000	200,000
0	200,001	215,000	0
1	215,001	220,000	219,200
0	220,001	275,000	0
1	275,001	280,000	275,800
0	280,001	305,000	0
1	305,001	310,000	305,600
3,386	Total	Total	4,000,000

CATEGORIES OF SHARE HOLDERS

	Number	Shares held	Percentage
Associated Companies, Undertakings and Related Parties	-	-	
NIT & ICP			
NBP Trustee Department	1	200,000	5
Directors, CE & their Spouse and Minor Children			
Mr. Faaiz Rahim Khan	1	10,000	0.25
Mr. Shamim Ahmad Khan	1	500	0.0125
Mr. Umar Sadik	1	10,000	0.25
Mr. Sohail Ahmad Khan	1	500	0.0125
Mr. Asif Rahim Khan	1	10,000	0.25
Mr. Muhammad Ayub Khan	1	500	0.0125
Mrs. Badar Hussain	1	168,000	4.2
Mrs. Faaiza Khan	1	275,800	6.895
Mr. Asad Khan	1	150,000	3.75
Mr. Saad Khan	1	149,000	3.725
Mr. Haidar Sadik	1	219,200	5.48
Executive	-	-	-
Public Sector Companies and Corporation	-	-	-
Banks, Development Financial Institutions, Non-Banking Financial Institutions, Insurance Companies, Modarabas & Mutual Funds	-	-	-
Shareholders holding ten percent or more voting interest in the Company	-	-	-
Individuals	3,373	2,739,200	68.48
Others	1	67,300	1.6825
	3386	4,000,000	100