

DATA AGRO LIMITED

ANNUAL REPORT 2004

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.G.) Habib Bank Limited Allied Bank of Pakistan Limited The Bank of Punjab Muslim Commercial Bank Ltd. P1CIC Commercial Bank Ltd. / Ashtar AN & Associates
Legal Advisor:	Ashtar AN & Associates
Registered Office:	3-A, Race View, Jail Road, Lahore.
Factory:	Khanewal -Kabirwala Road, District Khanewal.

DIRECTOR'S REPORT

The Directors of your company are pleased to present the 12th annual report along with the audited accounts for the year ended June 30, 2004.

Performance Review

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

	2004 (M.Ton)	2003 (M.Ton)
Production	4,746	2,802

Financial Results

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

	2004 (Rupees)	2003 (Rupees)
Sales	25,941,834	20,947,064
Cost of sale	17,928,625	17,086,460
Gross profit	8,013,209	3,887,604
Less:		
Operating expenses	4,606,558	4,759,130
Financial & other charges	753,972	33,871
Other income	543,761	120,099
Profit before taxation	3,196,440	-785,298
Taxation (Including impact of deferred taxation)	7,213,896	-248,536
Profit/ (loss) after taxation	10,410,336	-1,033,834

Unappropriated profit/(floss) brought forward	-66,731,151	-66,697,317
	-56,320,817	-66,731,151
Transfer from surplus on revaluation of fixed assets	19,828,074	-
Unappropriated profit/(floss) carried forward	-36,492,743	-66,731,151

Auditors

The Code of Corporate Governance requires all listed companies to change their external auditors after every five years. In the light of Code, the present auditors, M/s. Mansha Mohsin Dossani Khan & Company, Chartered Accountants, retires and having completed five years as external auditors are not eligible for reappointment. The audit committee thus has recommended the appointment of Messrs Sarwars, Chartered Accountants.

Staff Relations

The company continues to benefit from the efforts and dedication of all its employees. The directors are pleased to record their appreciation for the hard work and devotion to duty by all cadres of employee.

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 result 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.

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of the stock exchanges where the company's shares are listed, for the purpose of establishing a framework of good governance, where by a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principal contained in the Code in the following manner:

1. The election of the board of directors was held before the Code of Corporate Governance became applicable.
2. None of the members of the board are director in more than ten listed companies.
3. All the directors of the companies are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, DPI, or an NBFIs or, being a member of a Stock Exchange, has been declared / as a defaulter by that Stock Exchange.
4. The company has prepared "Statement of Ethics and Business Practices" which has been signed by all directors and employees.
5. The board has developed a "Vision /Mission Statement" over all corporate strategy and significant policies of the company. appointment and determination of remuneration and terms and conditions of employees of the CEO and other executive directors, have been taken by the board.
7. The meetings of the board were presided over by the chairman and the board meet at least once every quarter, written notices of the board meetings, along with the agenda and working papers, were normally circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated. 8. A board is in the process of arranging orientation courses for its directors to further appraise them of their duties and responsibilities.
9. The director's report for the year has been prepared in compliance with the requirements of the Code and fully described the salient matters required to be disclosed.
10. The financial statements of the company were duly endorsed by the CEO and CFO before approval of the board.

11. The directors, CEO and executives do not hold any interest in the share of the company other than that disclosed in the pattern of shareholdings.

12. The company has complied with all the corporate and financially reporting requirements of the Code.

13. The board has formed an audit committee. It comprises of three members, of which all are non executive directors including chairman of the committee.

14. The meeting of the audit committee are planned to be held at least once every quarter prior to approval of interim and final result of the company as required by the Code.

15. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality controlled review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partner of the firm, their spouses and the minor children do not hold shares of the company and the firms and allits partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of ethics and adopted by Institute of Chartered Accountants of Pakistan.

16. The statutory auditors or the persons associated with them have been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regards.

17. We confirm that all other material principles contained in the Code of Corporate Governance have been complied with.

PROFIT AND LOSS ACCOUNT

	2004	2003	2002	2001	2000	1999	1998
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Sales	25,941,834	20,974,064	20,403,341	24,057,482	28,745,367	30,053,426	25,635,194
Cost of Sales	17,928,625	17,086,460	16,490,176	18,402,781	26,450,405	40,392,134	18,493,782
Gross Profit/ (Loss)	8,013,209	3,887,604	3,913,165	5,654,701	2,294,962	-10,338,708	7,141,412
Operating Expenses	4,606,558	4,759,130	4,578,814	4,924,587	5,747,301	6,100,636	4,158,800
Administrative	2,418,102	2,537,363	2,619,912	2,799,414	2,752,671	3,553,567	2,102,475
Selling	2,188,456	2,221,769	1,958,902	2,125,173	2,994,630	2,547,069	2,056,325
Operating Profit/ (Loss)	3,406,651	-871,526	-665,649	730,114	-3,452,339	-16,439,344	2,982,612
Other Income	543,761	120,099	279,709	413,299	376,255	1,047,642	331,070
Financial Charges and other charges	753,972	33,871	326,788	463,933	3,021,821	9,089,283	8,372,389
Profit / (Loss) for the year before taxation	3,196,440	-785,298	-712,728	679,480	-6,097,905	-24,480,985	-5,058,707
Unusual Items	-	-	-	-	-	-	11,634,334
Provision for Taxation	3,196,440	(785,298)	(712,728)	679,480	(6,097,905)	(24,480,985)	6,575,627
	7,213,895	(248,536)	(112,483)	197,355	(178,421)	(50,089)	
Profit / (Loss) for the year after taxation	10,410,335	-1,033,834	-825,211	876,835	-6,276,326	-24,531,074	6,575,627
Unappropriated Profit / (Loss) Brought forward	-66,731,151	-65,697,317	-64,872,106	-65,748,941	-59,472,615	-34,941,541	-41,517,000
Unappropriated Profit / (Loss) Carried forward	-36,492,743	-66,731,151	-65,697,317	-64,872,106	-65,748,941	-59,472,615	-34,941,373

STATEMENT OF ETHICS AND BUSINESS PRACTICES

Data Agra Limited was established with an aim of producing quality delinted cotton seed for its growers. 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 cotton 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.
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.

BALANCE SHEET AS

	Notes	2004 (Rs.)	2003 (Rs.)
CAPITAL & LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized capital			
5,000,000 (2803: 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
Unappropriated profitless)		-36,492,743	-86,731,151
		3,507,257	-26,731,151
SURPLUS ON REVALUATION			
OF FIXED ASSETS	3	13,131,150	32,959,224
NON-CURRENT LIABILITIES			
Long term finance	4	40,378,943	39,878,943
Redeemable capital	5	-	-
Deferred Liabilities	6	803,042	-
CURRENT LIABILITIES			
Trade and other payables	7	5,198,983	4,679,970
Current portion of redeemable capital		-	3,500,758
Provision for taxation	8	139,804	115,337
		5,338,787	8,296,065

CONTINGENCIES AND COMMITMENTS	9	-	-
		63,159,179	54,403,080

PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2004

	Notes	2004	2003
		2003	
		(Rs.)	
		(Rs.)	
SALES	18	25,941,834	20,974,064
COST OF SALES	19	17,928,625	17,086,460
Gross profit		8,013,209	3,887,604
OPERATING EXPENSES			
Administrative & general expenses	20	2,418,102	2,537,363
Selling & distribution expenses	21	2,188,456	2,221,767
		4,606,558	4,759,130
Operating profit/(loss)		3,406,651	-871,526
Financial and other charges	22	753,972	33,871
Taxation	24	7,213,985	-248,536
Profit / (loss) after taxation		10,410,335	-1,033,834
Unappropriated profit / (loss) brought forward		-66,731,151	-65,697,317
		-56,320,817	-66,731,151
Transfer from surplus on revaluation of fixed assets (Note#3)		19,828,074	-
Unappropriated profit / (loss) carried forward		-36,492,743	-66,731,151

STATEMENT OF CHANGES IN EQUITY
AS AT JUNE 30, 2004

PARTICULARS	SHARE CAPITAL (Rs.)	SURPLUS ON REVALUATION	UNAPPROPRIATED PROFIT/(LOSS) (Rs.)	TOTAL (Rs.)
Balance as at June 30, 2002	40,000,000	32,959,224	-65,697,317	7,261,907
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
Profit/(loss) for the year			10,410,335	10,410,335
Transferred from revaluation surplus				
Prior	-	-18,434,731	.18,434,731	-
Current	-	-1,393,343	1,393,343-	-
Balance as at June 30, 2004	40,000,000	13,131,150	-36,492,743	16,638,407

The company opted second proviso to sub section 2 of section 235 of the Company Ordinance, 1984 read with SRO45(1)/2003 dated January 13, 2003 issued by the Securities and Exchange Commission of Pakistan. The company has transferred of Rs. 19,828,074/- (Including Rs.18,434,731/- relating to prior years) as incremental depreciation from surplus on revaluation of fixed assets to unappropriated profit/(loss). Had there been no change in the accounting policy, the unappropriated loss of the company would have been higher by Rs 19,828,074/-. Proforma statement showing accumulative effects of this change in policy under the allowed alternative treatment of IAS 8 (Net Profit or Loss for the Period, Fundamentals Errors and changes in accounting Policies) is given in note no. 19.2.

Stocks, stores and spares

Stock in trade is valued at lower of cost and net realizable value. Cost of Major stock items is determined as follows: Stores, spares and loss tools. At moving average cost (obsolete items at nil value)

Raw material: At annual average cost.

Finished goods and work in progress: Comprised of direct material, labour and appropriate manufacturing overheads.

Waste: At net realizable value

Material in transit Are stated at cost comprising invoice value plus other charges paid thereon.

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.

Foreign currency translation

Assets and liabilities (if any) 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.

Deferred Cost

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

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

Long term Loans and short term borrowings

Loans and borrowings are initially recorded at the proceeds received and subsequently at amortized cost. Finance charges are accounted for on accruals basis and are either added to the carrying amount of the Instrument or included in the creditors, accrued and other liabilities to the extent of the amount remaining unpaid. Exchange gain and losses (if any) arising in respect of loan or borrowings in foreign currency are added to the carrying amount of the instrument.

Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

Provisions

Provisions is recognized in the balance sheet when the company has a legal or constructive obligation as a result of the past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Trade debts

Trade debts originated by the company are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of full amount is no longer probable. bad debts are written off as incurred.

Loans, advances and other receivables

Loans, advances and other receivables are recognized initially at cost and subsequently measured at amortized cost.

Cash and cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalent include cash in hand, cheques in hand and deposits with banks.

	2004 (Rs)	2003 (Rs)
TRADE AND OTHER PAYABLES Creditors		
Accrued liabilities	1,532,506 .	1,066,334

Advances and deposits	7.1	545,441	426,778
Workers profit participation fund	7.2	884,050	715,816
Withholding tax		13,473	5,860
Provision for penalty		393,300	-
Liability against assets		190,387	190,387
Other liabilities		17,778	391,247
ADVANCES AND DEPOSITS - Customers		5,198,983	4,679,970

		266,049	425,626
- Security deposits		1,152	1,152
- Others		278,240	
		545,441	426,778

WORKERS' PROFIT PARTICIPATION FUND

Opening balance		168,234	715,816
Less: Paid during the year		884,050	715,816
Balance as at June 30, 2004		884,050	715,816

PROVISION FOR TAXATION

Opening balance		115,337	112,483
Add: Provision for the year			
-Current year		129,709	104,871
-Prior year		10,095	.
		139,804	104,871
Less: Adjustment against completed assessments		115,337	102,017
		139,804	115,337

CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

Claim of Tekmatex Marubeni, supplier of machinery, of US \$ 317,250 not acknowledge by the company as debt. Whereas the company filed a counter Civil suit for damages of Rs. 270.54 million against Tekmatex Marubeni for supply of faulty machinery in the Civil court Lahore which was pending for adjudication in the corresponding year.

A claim of penalty for delay in payment of installment was made by Director General, Agriculture (Field) Punjab, Lahore. In the corresponding year, the management expected that the matter of late payment would be settled in the favour of the company, therefore, no Provided in the current year due to settlement.

	2004 (Rs.)	2003 (Rs.)
DEFERRED TAXATION - NET ASSET		
Deferred tax assets arising due to;		
accelerated tax depreciation		-
provisions for doubtful debts and gratuity	-703,633	
unused losses	499,643	-
	7,557,689	
STORES, SPARES AND LOOSE TOOLS	7,353,699	
Stores and spares		
Loose tools	1,099,692	1,455,642
	203.16	188.61
There were no stores held for, specific capitalization as at 30-6-2004 (2003:	1,302,852	1,644,252
STOCK IN TRADE		
Raw material		

Finished goods		22,820	238,556
Waste material		1,162,041	532,202
		.	55,700
		1,184,861	826,458

ADMINISTRATIVE EXPENSES

Salaries, wages & benefits	19.2	747,907	983,453
Printing and stationery		169,017	157,055
Travelling and, conveyance		18,876	12,804
Vehicles running and maintenance		103,582	220,231
Rent, rates and taxes		13,760	11,320
Postage and telegram		101,864	87,090
Electricity expenses		15,731	22,440
Telephone expenses		88,273	11,297
Entertainment		59,288	41,474
Newspaper and periodicals		2,433	2,565
Legal and professional charges		237,000	72,000
Auditor's remuneration	20.1	150,000	115,000
Canteen expenses		39,218	29,411
Repair & maintenance - Office equipment		16,308	5,384
Depreciation		594,328	715,206
Miscellaneous expenses		60,517	50,632
		2,418,102	2,537,362

		2004	2003
		(Rs.)	(Rs.)
OTHER INCOME			
Profit / (Loss) on foreign exchange fluctuation		11	-185
Profit on disposal of fixed assets		142,347	
Bad debts recovered		28,074	-
Others - weighing		373,329	120,284
TAXATION		543,761	120,099
For the year	129,709	1,744,079	104,671
Current Deferred Tax		1,873,788	104,871
Prior		10,095	143,666
		(9,097,778)	
Current Deferred Tax		-9,087,683	143,666
		-7,213,895	248,537

FINANCIAL ASSETS AND LIABILITIES

	INTEREST MARK UP BEARING			NON INTEREST BEARING			2003
	Maturity up to one Year	Maturity after one year	Sub TSUI	Maturity up to one Year	Maturity after one year	Sub Total	Total
	Rs.	Rs.	Rs	Rs.	Rs.	Rs.	Rs.
Trade debtors				1,470,751		1,470,751	1,470,751
Advances, deposits, prepayments and other receivables ,	-	.		2,370,744	-	2,370,744	2,370,744
Cash and bank balances	-			7,792,319	-	7,792,319	7,792,319
	2004	-	-	11,633,814	-	11,633,814	11,633,814
	2003	-	-	5,872,512	-	5,872,512	5,872,512

FINANCIAL LIABILITIES

Loans and other borrowings-Unsecure	-	-	-	40,378,943	40,378,943	40,378,943
Trade and other Payable-Unsecured	-	-	-	5,211,550	5,211,550	5,211,550
Contingencies	-	-	-	-	-	-
2004	-	-	-	5,211,550	40,378,943	45,590.49
2003	-	3,500,758	3,500,758	25,086,900	39,878,943	64,965,843

REMUNERATION OF DIRECTORS AND EXECUTIVES

	Director 2004 (Rs.)	2003 (Rs.)	Executive 2004 2003 (Rs.)	2003(Rs.)
Remuneration		—	980,760 49,038	828,400 41,420
Utilities				
House rent allowance	—	—	441,342	372,780
	-	-	1,471,140	1,242,600
Number of persons			2	2

NUMBER OF EMPLOYEES

TRANSACTION WITH ASSOCIATED UNDERTAKING

Services rendere	—	—	30 Nos.	20 Nos.
CAPACITY AND PRODUCTION				
			2004	2003
			Tons	Tons
Average rated capacity			18,250	18,250
(Based on 50 Tons per day of 24 hours and 365 days a year) -				
Actual Production			.	300
Cotton seeds			215	124
Other seeds			4,531	2,378
Third party seed-processed			4,746	2,802

PATTERN OF SHARE HOLDINGS

AS AT JUNE 30, 2004

Number of Share Holders	From Shares	To Shares	Total Shares Held	Percentage of Total Capital
9	1	100	900	0.02
3,347	101	500	1,672,000	41.8
3	501	1,000	3,000	0.08
5 4	1,001 5,001	5,000 10,000	39000	0.33 0.98
1	15,001	20,000	18,100	0.45
1	20,001	25,000	21,000	0.53
2	25,001	30,000	59,500	1.49
1	30,001	35,000	34,500	0.86
2	110,001	115,000	229,200	5.73
2	145,001	150,000	299,000	7.48
2	165,001	170,000	334,700	8.37
1	195,001	200,000	200,000	5
2	215,001	220,000	434,800	10.87
1	275,001	280,000	275,800	6.9
1	365,001	370,000	365,500	9.14
3,384		Total	4,000,000	100

CATEGORIES OF SHARE HOLDERS

Associated Companies, Undertakings and Related Parties	Number	Shares held	Percentage
NIT & ICP	1	365,500	9.1375
NBP Trustee Department	1	200,000	5
Investment Corporation of Pakistan	1	34,500	0.8625
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. Faiza 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