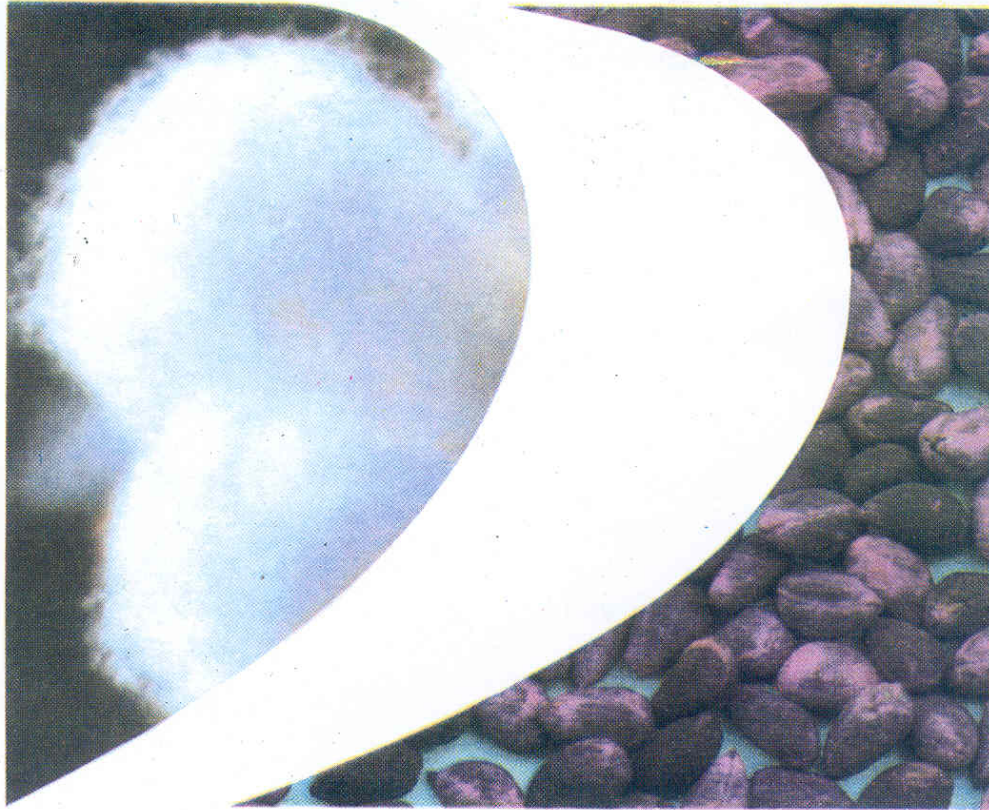


ANNUAL REPORT AND ACCOUNTS 2011



DATA AGRO LIMITED



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COMPANY INFORMATION

Chief Executive:	Mr. Faaiz Rahim Khan
Directors:	Mr. Asad Rahim Khan Mr. Hamid Jamshed Mr. Muhammad Ayub Khan Mr. Asif Rahim Khan Mr. Anwar-ul-Haq Mrs. Badar Hussain
Company Secretary:	Mr. Suhail Mehmood
Audit Committee:	Mr. Hamid Jamshed (Chairman) Mr. Anwar-ul-Haq (Member) Mr. Muhammad Ayub Khan (Member)
Auditors:	M/s. Rafaqat Mansha Mohsin Dossani Masoom & Co. Chartered Accountants 3rd Floor, Sharjah Centre, 62-Shadman Market, Lahore.
Bankers:	Habib Bank Limited Allied Bank Limited The Bank of Punjab MCB Bank Limited NIB Bank Ltd.
Legal Advisor:	Cornelius, Lane & Mufti Nawa-i-Waqt House, 4, Shahrah-e-Fatima Jinnah Lahore.
Share Registrar:	Hameed Majeed Associates (Pvt.) Ltd. H.M. House, 7-Bank Square, Lahore.
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 19th Annual General Meeting of Shareholders of Data Agro Limited will be held on Monday, October 31, 2011 at 11.30 A.M. at the Registered Office of the company, 3-A, Race View, Jail Road, Lahore to transact the following business:

1. To confirm the minutes of 18th Annual General Meeting held on October 30, 2010 .
2. To receive and adopt the Audited Accounts of the company along with Director's and Auditor's reports thereon, for the year ended June 30, 2011.
3. To appoint Auditors of the company for the year ended June, 30 2012 and to fix their remuneration. The retiring auditors M/s. Rifaqat Mansha Mohasin Dossani Masoom & Co. (Chartered Accountants), being eligible has offered themselves for re-appointment.
4. Any other business with the permission of the chair.

BY ORDER OF THE BOARD

(SUHAIL MEHMOOD)
Company Secretary

Lahore
October 10, 2011.

NOTES:

1. The Share Transfer Books of the company will remain close from October 24, 2011. to October 31, 2011 (both days inclusive).
2. Member entitled to attend and vote at 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 and must be duly stamped, signed and witnessed.
3. Member are requested to notify the Company of any change in their addresses, if any to the Company's Share Registrar M/s. Hameed Majeed Associates (Pvt.) Limited at H.M. House 7-Bank Square, Lahore.

DIRECTOR'S REPORT

The Directors of your Company are please to present the 19th annual report along with the audited accounts for the year ended June 30, 2011.

Performance Review

In this year the company has processed seeds of Cotton, Wheat and produced Hybrid Corn. We are actively involved in changing the focus of the company to Hybrid Corn production. However the company has established itself in the processing field and processed 8,606 Metric Tons (2010: 6,723 Metric Tons) of seeds of other parties.

	2011 (M.Ton)	2010 (M.Ton)
Production	<u>283</u>	<u>75</u>

Financial Results

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

	2011 (Rupees)	2010 (Rupees)
Sales	70,896,526	58,814,583
Cost of sales	59,706,325	47,326,546
Gross profit	<u>11,190,201</u>	<u>11,488,037</u>
Operating expenses	12,010,844	9,987,339
Finance & other charges	624,438	391,675
Other income	620,825	84,960
Profit / (Loss) before taxation	<u>(824,256)</u>	<u>1,193,982</u>
Taxation	(911,738)	7,99,274
Profit / (Loss) after taxation	<u>87,482</u>	<u>394,709</u>

During the year under report, there was sudden decrease in the price of commercial corn grain in the market. Due to that reason, the corn growers showed reluctance for planting corn. Consequently, there was a significant reduction in the sale of corn seed. Moreover, inflationary trends in the economy had been again dominate. Due to the fact, the cost of different agricultural inputs & products increased significantly.

As mentioned earlier we have invested heavily in the R&D of Hybrid Corn. This has also lowered our profit margins. However we are very hopeful that the coming quarter will produce good results from Hybrid Corn sales. Our initial feedback from our sales and distribution staff is encouraging. The yield results are according to our expectations.

We maintained our presence in other crops of Wheat, Paddy and Cotton. Our sale of cotton seed in both fuzzy and delinted form maintained high standards of quality. Our hybrid corn distribution and sales has made significant gains.

The management has done extremely well in controlling administrative costs. Also distribution has been made more effective while maintaining strict financial checks. The company meets all

Prudential Regulations/Ratios of State Bank of Pakistan. We have the option of raising funds from banks but as a policy are not taking any loans.

Corporate Governance

Please note that your company is fully compliant to the provisions of the Code of Corporate Governance as incorporated in Listing Rules of the stock Exchange;

The following are statements on corporate and financial reporting frame work;

1. The financial statement, prepared by the management of the company, present fairly its state of Affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of accounts have been maintained by the company.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International accounting Standards, as applicable in Pakistan have been followed in preparation of financial statements.
5. The system of internal control is sound and is continuously reviewed by internal audit and other such procedures. The process of review will continue with the objective to improve further.
6. The company has followed the best practices of Corporate Governance, as detailed in the listing regulations wherever possible.
7. There are no doubts upon the company's ability to continue as going concern.
8. The company has not declared any dividend due to the accumulated losses.

Board Audit Committee

The board has constituted an audit committee, consisting of three non-executive directors.

Key Operating and Financial Data

A statement summarizing key operating and financial data for six years including current year is annexed.

Vision/Mission

The statement reflecting the Vision/Mission of the company is annexed.

Ethics and Business Practices

The statement outlining the Ethics and Business Practices of the company is annexed.

Board Meeting

During the financial year under consideration six meetings were held and the attendance by respective directors was as follows:

Name of Directors	Number of Board Meetings Attended	Leave Granted
Mr. Faaiz Rahim Khan	5	1
Mr.Asif Rahim Khan	3	3
Mr.Hamid Jamshed	4	2
Mr.Muhammad Ayub Khan	3	3
Mrs. Badar Hussain	3	3
Anwar-ul-Haq	6	-
Mr. Asad Rahim Khan	3	3

Pattern of Shareholdings

The pattern of Shareholdings is on page No.35.

Future Outlook

In the future we shall concentrate on Hybrid Corn seed but also try to slowly make our range of seeds more comprehensive. In the coming year we shall add at least two new crops with one of them being peas. This will increase our capacity utilization further and it will be within our high standards of quality.

Auditors

The present Auditors M/S. Rafaqat Mansha Mohsin Dossani Masoom & Company, Chartered Accountants, retired and being eligible, offer themselves for re-appointment as auditors for the year ending June 30, 2011.

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 directions. I would like to express our gratitude to our shareholders for support and encouragement.

LAHORE
October 06, 2011

FAAIZ RAHIM KHAN
Chief Executive

VISION/MISSION STATEMENT

a. Vision Statement

Our Vision is;

- * A leading producer of agro products (seeds, chemicals) by providing the highest quality of products and services to its customers/growers by making an efficient use of the sciences of modern genetics, biotechnology and plant nutrition.
- * To strive for excellence through commitment , integrity, honesty and team work.
- * Highly ethical company and be respected corporate citizen to continue playing due role in the social and environmental sectors of the country.
- * To develop an extremely motivated and professional trained work force, which would drive growth through innovation and renovation.
- * Sustained growth in earning in real terms.

b. Mission Statement

- * Our mission is to be dynamic, profitable and growth oriented company by providing good return on investment to its shareholders and investors, quality products to its customers/growers and a secure and friendly environment place of work to its employees and to project Paksitan's image in the National and International agro Market.

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the code of company governance contained in listing regulations no 37 of the Karachi Stock Exchange, Chapter XIII of the listing regulation of the Lahore Stock Exchange for purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with best practices of corporate governance.

The company is in the process of implementing the requirements of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan and adopted by the Stock Exchange. Steps are being taken by the management of the company for its implementation.

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

1. None of the members of the board are director in more than ten listed companies.
2. All the directors of the companies are registered as taxpayers except where such person is a non resident and none of them has defaulted in payment of any loan to a banking company, DFI, or an NBFIs or, being a member of a Stock Exchange, has been declared as a defaulter by that Stock Exchange.
3. The company has developed a "Statement of Ethics and Business Practices" which has been signed by all directors and employees of the company.
4. The board has developed a "Vision /Mission Statement" over all corporate strategy and significant policies of the company.
5. All the powers of the board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the board.
6. The meetings of the board were presided over by the chairman and the board met 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.
7. The board is in the process of arranging orientation courses for its directors to further appraise them of their duties and responsibilities.
8. The board has approved appointment of CFO and Company Secretary including their remuneration and terms and conditions of employment as determined by CEO.
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 shares of the company other than that disclosed in the pattern of shareholdings.
12. The company has complied with all the corporate and financial 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 the chairman of the committee.
14. The meeting of the committee were held at least once every quarter prior to the 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 all its 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 regard.
17. We confirm that all other material principals contained in the Code of Corporate Governance have been complied with.
18. There was no party related transaction during the year.

STATEMENT OF ETHICS AND BUSINESS PRACTICES

Data Agro Limited was established with an aim of producing quality delinted cotton 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 cotton seed for our customers. We continuously update ourselves with technological advancements in cotton 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.

KEY OPERATING AND FINANCIAL DATA FOR THE LAST SIX YEARS

BALANCE SHEET

	2011 Rupees	2010 Rupees	2009 Rupees	2008 Rupees	2007 Rupees	2006 Rupees
Capital & Liabilities						
Share Capital & Reserves						
Authorised Capital	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
5,000,000 Ordinary Shares of Rs. 10 each						
Issued, Subscribed and Paidup capital						
4,000,000 (2008: 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
Accumulated (Losses)	(9,541,051)	(11,798,618)	(14,604,533)	(16,076,827)	(20,876,693)	(24,486,611)
	30,458,949	28,201,382	25,395,467	23,923,173	19,123,307	15,513,389
	20,417,401	22,587,486	24,998,691	27,677,808	30,654,605	33,962,157
Surplus on Revaluation of Property, Plant and Equipment						
NON-CURRENT LIABILITIES						
Long Term Finance	40,378,943	40,378,943	40,378,943	40,378,943	40,378,943	40,378,943
Liabilities against assets subject to finance lease	762,113	-	-	-	317,268	588,122
Redeemable capital	10,581,866	11,228,318	9,978,232	8,079,613	9,283,827	9,379,120
Deferred liabilities	51,722,922	51,607,261	50,357,175	48,458,556	49,980,038	50,346,185
CURRENT LIABILITIES						
Trade and other payables	5,422,515	4,877,886	4,043,640	2,972,937	3,083,897	2,372,426
Current maturity of redeemable capital	496,753	-	-	317,268	278,800	251,555
Current maturity of long term liabilities	1,003,038	294,073	-	288,829	144,765	147,338
Provision for taxation	6,922,306	5,171,959	4,043,640	3,579,034	3,507,462	2,771,319
	109,521,578	107,568,088	104,794,974	103,638,571	103,265,411	102,593,050
NON CURRENT ASSETS						
Property, plant & equipment	49,987,978	52,952,194	58,064,279	64,280,882	71,191,093	78,318,127
DEFERRED TAX ASSETS - NET						
	49,987,978	52,952,194	58,064,279	64,280,882	71,191,093	78,318,127
CURRENT ASSETS						
Stores, spares & loose tools	2,374,286	2,721,825	2,628,733	1,987,185	2,186,690	2,057,922
Stocks in trade	24,256,349	20,630,048	12,181,986	9,667,447	15,954,260	7,304,706
Trade debts	16,530,056	16,440,282	17,356,442	14,579,104	6,653,955	6,027,068
Loans, advances, deposits and prepayments, tax refund	8,834,061	7,438,410	5,840,646	11,093,037	4,527,819	7,560,513
Trade deposits and short term prepayments	4,498,005	2,992,281	1,372,445	2,030,915	2,751,594	1,324,714
Cash & bank balances	3,040,843	4,393,048	6,884,883	39,357,688	32,074,318	24,274,923
	59,533,600	54,615,894	46,730,694	107,638,571	103,265,411	102,593,050
	109,521,578	107,568,088	104,794,974	103,638,571	103,265,411	102,593,050

PROFIT AND LOSS ACCOUNT

	2011	2010	2009	2008	2007	2006
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Turnover	70,896,526	58,814,583	51,466,254	57,765,713	28,952,916	29,467,601
Cost of sales	59,706,325	47,326,546	43,701,782	50,463,357	22,197,587	25,309,022
Gross profit	<u>11,190,201</u>	<u>11,488,037</u>	<u>7,764,472</u>	<u>7,302,356</u>	<u>6,755,329</u>	<u>4,158,579</u>
Operating Expenses						
Administrative & general expenses	7,198,120	6,001,777	4,653,740	3,963,120	2,710,455	2,986,808
Selling & distribution expenses	4,812,724	3,985,562	3,063,445	3,180,126	3,456,107	2,699,389
	<u>12,010,844</u>	<u>9,987,339</u>	<u>7,717,185</u>	<u>7,143,246</u>	<u>6,116,562</u>	<u>5,686,197</u>
Operating profit/ (loss)	<u>(820,643)</u>	<u>1,500,698</u>	<u>47,287</u>	<u>159,110</u>	<u>588,767</u>	<u>(1,527,618)</u>
Finance cost	624,438	391,676	322,487	171,741	162,427	162,984
Other income	620,825	84,960	393,193	483,785	261,553	148,289
Profit / (loss) before taxation	<u>(824,256)</u>	<u>1,193,982</u>	<u>117,993</u>	<u>471,154</u>	<u>687,893</u>	<u>(1,542,313)</u>
Taxation	(911,738)	799,274	1,324,815	(1,351,915)	385,527	(6,200,864)
Profit/(loss) for the year after taxation	<u>87,482</u>	<u>394,708</u>	<u>(1,206,823)</u>	<u>1,823,069</u>	<u>302,366</u>	<u>4,658,551</u>
Unappropriated profit/(loss) brought forward	(11,798,618)	(14,604,533)	(16,076,827)	(20,876,693)	(24,486,611)	(32,820,220)
	<u>(11,711,136)</u>	<u>(14,209,824)</u>	<u>(17,383,640)</u>	<u>(19,053,624)</u>	<u>(24,184,245)</u>	<u>(28,161,669)</u>
Transfer from surplus on revaluation of fixed assets	2,170,085	2,411,205	2,679,117	2,976,797	3,307,552	3,675,058
Accumulated losses transferred to balance sheet	<u>(9,541,051)</u>	<u>(11,798,618)</u>	<u>(14,604,533)</u>	<u>(16,076,827)</u>	<u>(20,876,693)</u>	<u>(24,486,611)</u>

**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 ("the Company")** to comply with the Listing Regulation No. 37 of the Karachi, Lahore and Islamabad Stock Exchanges.

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.

Further, Sub- Regulation (Xiii) of Listing Regulation No. 35 (previously Regulation No. 37) notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee.

We are only required and have ensured compliance of requirements to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price.

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflects 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, 2011.

Date: October 06, 2011
Place: Lahore

RAFAQAT MANSHA MOHSIN DOSSANI MASOOM & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: Mohsin Nadeem (FCA)

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **DATA AGRO LIMITED** as at June 30, 2011 and the related profit and loss account, statement of changes in equity and cash flow statement 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 a 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, balance sheet, profit and loss account, statement of changes in equity and cash flow statement 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, 2011 and of the profit, its changes in equity and cash flows for the year then ended; and

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

Date: October 06, 2011
Place: Lahore.

RAFAQAT MANSHA MOHSIN DOSSANI MASOOM & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: Mohsin Nadeem (FCA)

BALANCE SHEET AS

EQUITY AND LIABILITIES

	Notes	2011 Rupees	2010 Rupees
SHARE CAPITAL & RESERVES			
Share capital	4	40,000,000	40,000,000
Revenue Reserves		(9,541,051)	(11,798,618)
		<u>30,458,949</u>	<u>28,201,382</u>
SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT			
	5	20,417,401	22,587,486
NON-CURRENT LIABILITIES			
Long term financing	6	40,378,943	40,378,943
Liabilities against assets subject to finance lease	7	762,113	-
Deferred liabilities	8	10,581,866	11,228,318
		<u>51,722,922</u>	<u>51,607,261</u>
CURRENT LIABILITIES			
Trade and other payables	9	5,422,515	4,877,886
Current maturity of long term liabilities	7	496,753	-
Provision for taxation	10	1,003,038	294,073
		<u>6,922,306</u>	<u>5,171,959</u>
CONTINGENCIES AND COMMITMENTS			
	11	-	-
TOTAL EQUITY AND LIABILITIES		<u>109,521,578</u>	<u>107,568,088</u>

The annexed notes from 1 to 31 form an integral part of these financial statements.

(FAAIZ RAHIM KHAN)
Chief Executive

(ASIF RAHIM KHAN)
Director

AT JUNE 30, 2011

	Notes	2011 Rupees	2010 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	49,987,978	52,952,194
CURRENT ASSETS			
Stores, spares, parts and loose tools	13	2,374,286	2,721,825
Stock in trade	14	24,256,349	20,630,048
Trade debts	15	16,530,056	16,440,282
Loans and advances	16	8,368,502	6,972,851
Trade deposits and short term prepayments	17	4,498,005	2,992,281
Tax refund due from the Government		465,559	465,559
Cash and bank balances	18	3,040,843	4,393,048
		59,533,600	54,615,894
TOTAL ASSETS		<u>109,521,578</u>	<u>107,568,088</u>

The annexed notes from 1 to 31 form an integral part of these financial statements.

(FAAIZ RAHIM KHAN)
Chief Executive

(ASIF RAHIM KHAN)
Director

**PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2011**

	Notes	2011 Rupees	2010 Rupees
Turnover	19	70,896,526	58,814,583
Cost of sales	20	<u>59,706,325</u>	<u>47,326,546</u>
Gross profit		11,190,201	11,488,037
Administrative expenses	21	<u>7,198,120</u>	<u>6,001,777</u>
Distribution cost	22	<u>4,812,724</u>	<u>3,985,562</u>
		<u>12,010,844</u>	<u>9,987,339</u>
Operating profit / (loss)		(820,643)	1,500,698
Finance cost	23	<u>624,438</u>	<u>391,675</u>
		<u>(1,445,081)</u>	<u>1,109,022</u>
Other income	24	<u>620,825</u>	<u>84,960</u>
Profit / (loss) before taxation		(824,256)	1,193,982
Taxation	25	<u>(911,738)</u>	<u>799,274</u>
Profit / (loss) after taxation		87,482	394,709
Earning / (loss) per share	26	0.02	0.10

The appropriations from profits are set out in the statement of changes in equity.

The annexed notes from 1 to 31 form an integral part of these financial statements.

(**FAAIZ RAHIM KHAN**)
Chief Executive

(**ASIF RAHIM KHAN**)
Director

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011**

	Notes	2011 Rupees	2010 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(Loss) before tax		(824,256)	1,193,982
Adjustments for:			
Depreciation excluding surplus		2,489,426	1,953,907
Depreciation on revaluation surplus		3,199,987	3,816,994
Financial charges		624,438	391,675
Provision for gratuity		974,251	937,125
Operating Profit/(loss) before working capital changes		6,463,846	8,293,684
Working capital changes			
(Increase) / decrease in current assets			
Stores, spares and loose tools		347,539	(93,092)
Stock in trade		(3,626,300)	(8,448,062)
Trade debts		(89,774)	916,160
Loan and advances		(1,086,060)	(945,316)
Trade deposits and short term payments		(1,505,724)	(1,619,836)
Increase /(decrease) in current liabilities		(5,960,319)	(10,190,146)
Trade and other payables		725,185	502,119
Cash generated from/(utilized in) operations		1,228,712	(1,394,343)
Financial charges paid		(781,114)	(59,548)
Gratuity paid		-	(192,240)
Income Tax paid		(333,470)	(186,889)
		(1,114,584)	(438,677)
Net cash flow from/(utilized in) operating activities		114,128	(1,833,020)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed Capital expenditure		(2,725,199)	(658,815)
Net cash flow from/(utilized in) investing activities		(2,725,199)	(658,815)
CASH FLOW FROM FINANCING ACTIVITIES			
Lease liability paid		1,258,866	-
Net cash flow from/(utilized in) financing activities		1,258,866	-
Net increase / (decrease) in cash and cash equivalents		(1,352,205)	(2,491,835)
Cash and cash equivalents at the beginning of the year		4,393,048	6,884,883
Cash and cash equivalents at the end of the year		3,040,843	4,393,048
Cash & cash equivalents are			
Cash in hand		192,503	64,396
Cash at bank		2,848,340	4,328,652
		3,040,843	4,393,048

(FAAIZ RAHIM KHAN)
Chief Executive

(ASIF RAHIM KHAN)
Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2011**

DESCRIPTION	SHARE CAPITAL Rs.	Revenue Reserves Rs.	TOTAL Rs.	Surplus on revaluation of Property, plant and equipment Rs.	TOTAL Rs.
Balance as at June 30, 2009	40,000,000	(14,604,532)	25,395,468	24,998,691	50,394,159
Profit/(loss) for the year	-	394,709	394,709	-	394,709
Transferred from surplus on revaluation to unappropriated profit/(loss) due to incremental depreciation	-	2,411,205	2,411,205	(2,411,205)	-
Balance as at June 30, 2010	40,000,000	(11,798,618)	28,201,382	22,587,486	50,788,868
Profit/ (loss) for the year	-	87,482	87,482	-	87,482
Transferred from surplus on revaluation to unappropriated profit/(loss) due to incremental depreciation	-	2,170,085	2,170,085	(2,170,085)	-
Balance as at June 30, 2011	40,000,000	(9,541,051)	30,458,949	20,417,401	50,876,351

The annexed notes from 1 to 31 form an integral part of these financial statements.

(FAAIZ RAHIM KHAN)
Chief Executive

(ASIF RAHIM KHAN)
Director

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2011

1. STATUS AND NATURE OF BUSINESS

The company was initially incorporated as a private limited company in Pakistan under the Companies Ordinance, 1984 on November 10, 1992 and was converted into a public limited company on March 06, 1994. The company is listed on Lahore and Karachi Stock Exchanges. The principal activity of the company is production, processing and grading of agro seeds. The registered office of the company is situated at 3-A, Race View, Jail road, Lahore, Punjab, Pakistan and principal place of business is at 8 Km khanewal road, Kabirwala.

2. BASIS OF PREPARATION

2.1 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention without any adjustment for the effect of inflation or reference to current values, except to the extent that land, building and certain plant and machinery have been included at revalued amounts, staff retirement benefits recognized at present value and financial assets has been measured and recorded at fair value.

2.2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) as notify under the provision of the Companies Ordinance, 1984. However, the requirements of the Companies Ordinance 1984 or the requirements of the SECP directives shall take precedent or be followed where the requirements of these standards are inconsistent with the requirements of the Companies Ordinance, 1984 or the requirements of directives issued by the Securities and Exchange Commission of Pakistan (SECP).

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pakistan Rupees, which is the Company's functional and presented currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupees.

2.4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made.

Significant management estimates in these financial statements relate to the useful life and residual value of property, plant and equipment, provision for doubtful receivables, slow moving inventory, defined benefits plans, accrued liabilities, taxation etc. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in the financial statements.

2.5 INITIAL APPLICATION OF A STANDARD, AMENDMENT OR AN INTERPRETATION TO AN EXISTING STANDARD AND FORTHCOMING REQUIREMENTS.

Initial Application:

IAS1- Presentation of Financial Statements (Revised)	Effective for periods beginning on or after January 01, 2010
IAS7- Cash Flow Statement (Revised)	January 01, 2010
IAS17- Leases (Revised)	January 01, 2010
IAS 32- Financial Instruments (Amended)	January 01, 2010
IAS 36- Impairment of Assets	January 01, 2010
IAS 39- Financial Instruments: Recognition and Measurement (Amended)	January 01, 2010
IFRS 1- First Time Adoption of International Reporting Standards	January 01, 2010
IFRS 2- Share-based Payment (Amended)	January 01, 2010
IFRS 5- Non Current Held for Sale and Discontinued Operations	January 01, 2010
IFRS 8- Operating Segments	January 01, 2010

Forthcoming Requirements:

IAS1- Presentation of Financial Statements	July 01, 2012
IAS12- Income Taxes	January 01, 2012
IAS19- Employee Benefits	January 01, 2013
IAS24- Related Party Disclosures	January 01, 2011
IAS27- Consolidated and Separate Financial Statements	January 01, 2013
IAS28- Investments in Associates	January 01, 2013
IFRS 1- First Time Adoption of International Reporting Standards	July 01, 2011
IFRS 7- Financial Instruments Disclosures	July 01, 2011
IFRS 9- Financial Instruments - Classification and Measurement	January 01, 2013
IFRIC 14- The Limit on defined Benefit Asset, Minimum Funding Requirements and their Interaction	January 01, 2011

The Company expects that the adoption of the above standards and interpretations will not have any material impact on the Company's financial statements in the period of initial application except for certain changes and / or enhancements in the presentation and disclosure of financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

**3.1 PROPERTY, PLANT AND EQUIPMENTS
OWNED ASSETS**

Property, plant and equipment are stated at historical cost or revalued amount less accumulated depreciation and impairment in value.

Cost of property, plant and equipment consists of purchase price/ construction cost (after trade discount and rebates, refundable taxes/duties) and relevant directly attributable cost for bringing the property, plant and equipment into its intended use. Pre-production and trial run operating results are charged to income

Depreciation is charged on diminishing balance method at the rates specified in Note 12. Full year depreciation is charged on assets in the year in which it is recognized and available for use and depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date the asset is derecognized. No depreciation is charged in the year of their disposal. Depreciation is also not charged if the assets residual value exceeds its carrying value.

Surplus on revaluation of building, plant and equipment due to incremental depreciation is directly charged to unappropriated profit and loss in accordance with section 235(2) of the Companies Ordinance, 1984 read with SRO 45(1)/2003 dated January 13, 2003 issued by the Securities and Exchange Commission of Pakistan.

Residual values and useful lives are reviewed at each balance sheet date and adjusted if expectations differ significantly from previous estimates. The management estimates that the financial impact of changes in the residual values and the useful lives during the year ended June 30, 2011 is immaterial.

Residual values are determined by the management as the amount expects it would receive currently for an item of property, plant and equipment if it was already of the age and in the condition expected at the end of the life based on the prevailing market prices of the similar assets already at the end of its useful lives.

Normal repair & maintenance costs are charged to the profit and loss account in the year in which these are incurred. Major renewals, improvements, cost or expenditure incurred on the property, plant equipment subsequent to their initial reorganization is capitalized when it increases the future economic lives of the relevant assets and it is probable that future economic benefits embodied within the item of addition will flow to the company and its cost can be measured reliably.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

LEASED ASSETS

The leases, where all the risks and rewards incidental to ownership of the leased assets have been transferred to the company are classified as finance leases. Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets less accumulated depreciation and accumulated impairment losses, if any.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance leases. The liabilities are classified as current and long term depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance charges so as to produce a constant periodic rate of interest on the balance outstanding. The interest element of the rental is charged to income over the lease term.

Assets acquired under a finance lease are depreciated over the useful life of assets on reducing balance method at the same rates that are applicable to the owned assets. Depreciation of lease assets is charged to profit and loss account.

Full depreciation on additions in leased assets is charged when an asset is acquired while no depreciation is charged in the year in which the asset is disposed off/ transferred to own assets.

CAPITAL WORK IN PROGRESS

Capital work in progress is stated at cost less any identifiable impairment loss and includes the expenditure on material, labour and appropriate overheads directly relating to the project. These costs are transferred to fixed assets as and when assets are available for intended use.

3.2 INTANGIBLE ASSETS

Intangible asset is an identifiable non-monetary item without physical substance.

Intangible assets are recognized when it is probable the expected future economic benefit will flow to the entity and the cost of the asset can be measured reliably.

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged over the estimated useful life of the asset on a systematic basis applying the straight line method.

Useful lives of intangible operating assets are reviewed, at each balance sheet date and adjusted if the impact of amortization is significant.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

3.3 IMPAIRMENT

The carrying amount of the company's assets are reviewed at each balance sheet date to determine whether there are any indications of impairment. If any such indication exist, the asset's recoverable amount is estimated and impairment losses are recognized in the profit and loss account. The recoverable amount is the higher of an assets fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognized as income

3.4 STOCK, STORES AND SPARES

Inventories are valued at lower of cost and net realizable value as per requirements of IAS 2. Cost of major stock items is determined as follows;

- Stores, spares and loose tools	At moving average cost
- Raw material	At annual average cost
- Finished goods	Comprised of direct material, labour and appropriate manufacturing overheads.
-Waste	At net realizable value.
-Material in transit	Are stated at invoice value plus other charges incurred thereon.

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

3.5 LOANS AND ADVANCES

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

3.6 CASH AND CASH EQUIVALENTS.

For the purpose of cash flow statement, Cash and cash equivalents comprise of cash in hand and balance with banks on current and deposit accounts.

3.7 STAFF RETIREMENT BENEFITS

Defined benefit plan

The company operates an unfunded gratuity scheme covering for all its permanent employees who have attained the minimum qualifying period for entitlement to the gratuity. Provisions are made periodically on the basis of actuarial valuations for the gratuity scheme. Actuarial gains and losses in excess of corridor limit (10% of the higher of value of plan assets and present value of obligations) are amortized over the expected remaining working lives of the employees. Vested past service cost is recognized immediately, whereas non-vested past service cost is recognized over the period in which it becomes vested.

THE PRINCIPAL ACTUARIAL ASSUMPTION USED IN THE VALUATION ARE AS FOLLOWS:

	2011	2010
Discount rate	14%	12%
Expected rate of increase in salaries	13%	12%
Expected mortality rate	EFU (61-66) mortality table	EFU (61-66) mortality table
Actuarial valuation method	Projected Unit Credit	Projected Unit Credit
Average expected remaining life of the employees	6 Years	6 Years

Actuarial valuations are conducted annually and the last valuations were conducted as on June 30, 2011 by Nauman Associates based on the "projected unit credit method"

3.8 TRADE DEBTS AND OTHER RECEIVABLES

Trade debts and other receivables are carried at original invoice amount less an estimates made for doubtful debts, if any, base on the review of all outstanding amounts at the year end. Debts considered irrecoverable, are written off, as and when identified.

3.9 REVENUE RECOGNITION

Revenue from sale of goods is measured at the fair value of consideration received or receivable and recognized on delivery of goods to customers when significant risks and rewards are transferred to the buyers.

Income from processing and harvesting services is recognized on accrual basis in accordance with the terms and conditions of the agreement with customers to the extent services are actually rendered and associated costs and outcomes of the transaction involving the rendering of such services can be measured reliably.

3.10 EXPENSE RECOGNITION

Expenses are recognized on accrual basis, or otherwise, as stated.

3.11 BORROWINGS

Loans and borrowings are recorded at the proceeds received. Financial charges are accounted for on accrual basis and are included in interest / mark-up payables on loans and other payables to the extent of amount remaining unpaid, if any.

3.12 BORROWING COST

Borrowing costs are recognized as an expense in the year in which these are incurred.

3.13 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 future for goods and services received, whether or not billed to the company.

3.14 RELATED PARTY TRANSACTIONS

Transactions and contracts with related parties (if any) are carried out at arm's length price determined in accordance with comparable uncontrolled price method.

3.15 FINANCIAL INSTRUMENTS

All the financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instruments. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and receivable respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred. The company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when they are extinguished i.e. when the obligations are discharged, cancelled or expired.

A financial asset and a financial liability is set off and the net amount is reported in the financial statements if the company has a legally enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Any gain or loss on the recognition and derecognition of the financial assets and liabilities is included in the income for the year in which it arises.

3.16 CONTINGENT LIABILITIES

Contingent liabilities are disclosed when there is possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company; or there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.17 TAXATION

CURRENT

Provision for current taxation is based on taxable income for the year at the current rates of taxation after taking into account tax credits and tax rebates available, if any.

DEFERRED

Deferred tax is recognized using the liability method, on all temporary differences at the balance sheet date calculated at the prevailing rates, between the tax bases of assets and liabilities and their carrying costs for the purposes of financial reporting. Deferred tax liabilities are recognized for all taxable temporary differences to the extent that such differences will reverse in the due future and taxable income will be available for deducting temporary differences.

The carrying amount of deferred tax asset is reviewed on the balance sheet date and is reduced to the extent that it is no longer probable that the sufficient taxable profit will be available to allow in all or part of it for the deferred tax asset.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets is realized or the liability is settled based on the tax rates that have been enacted currently or subsequently at the balance sheet date.

Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it becomes probable future taxable profits will allow deferred tax asset to be recovered.

3.18 PROVISIONS

Provisions are recognized in the balance sheet when the company has a legal or constructive obligation as a result of 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 obligation.

3.19 RESEARCH AND DEVELOPMENT COST

Research and development cost are recognized in the year in which these are incurred.

3.20 OFF SETTING:

Financial assets and liabilities are offset and the amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amount and the company intends either to settle on a net basis, or to realize the assets and to settle the liability simultaneously.

3.21 EARNING PER SHARE

The company presents basic and diluted earning per share (EPS) for its ordinary shares. Basis EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects for all dilutive potential ordinary shares.

4- SHARE CAPITAL	2011 Rupees	2010 Rupees
Authorized 5,000,000 (2010: 5,000,000) ordinary shares of Rs. 10 each	<u>50,000,000</u>	<u>50,000,000</u>
Issued, subscribed and paid-up 4,000,000 (2010: 4,000,000) ordinary shares of Rs. 10 each fully paid for cash consideration	<u>40,000,000</u>	<u>40,000,000</u>
Shares held by Associates	Number of Shares	Number of Shares
Data Enterprises (Pvt.) Ltd Percentage of equity held 9.87% (2010: 9.87%)	<u>394,900</u>	<u>394,900</u>
4.1- The shareholders are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry "one vote" per share without restriction.		
4.2- There is no movements in share capital during the year.		
5- SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT		
Opening balance:		
Land freehold	886,638	886,638
Building freehold	3,958,962	4,398,846
Plant & machinery	17,741,886	19,713,207
	<u>22,587,486</u>	<u>24,998,691</u>
Addition: during the year		
Land freehold	-	-
Building freehold	-	-
Plant & machinery	-	-
	<u>22,587,486</u>	<u>24,998,691</u>
Less: Transferred to unappropriated profit/(loss) due to incremental depreciation net of deferred taxation	2,170,085	2,411,205
Surplus related to deferred tax:		
- Prior	-	-
- Current	-	-
	<u>20,417,401</u>	<u>22,587,486</u>
5.1 Incremental depreciation due to revaluation is Rs. 3,199,987/- (2010: Rs. 3,816,994/-)		
6- LONG TERM FINANCING		
Loan from related parties unsecured	6.1 <u>40,378,943</u>	<u>40,378,943</u>
6.1 The above loans was borrowed from director, free of interest/ mark-up and not payable in next 12 months. The payment period following within next 20 months subject to availability of funds and position of working capital of the company.		
7- LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Present value of minimum lease payments	1,258,866	-
Less: Current portion shown under current liabilities paid during the period	496,753	-
	<u>762,113</u>	<u>-</u>
The future payments and the period in which these will be due are as follows:		
GROSS MINIMUM LEASE PAYMENTS		
Not later than one year	685,656	-
Later than one year but not later than five years	857,070	-
	<u>1,542,726</u>	<u>-</u>
LESS: FINANCE CHARGES ALLOCATED TO FUTURE PERIOD		
Not later than one year	188,903	-
Later than one year but not later than five years	94,957	-
	<u>283,860</u>	<u>-</u>
PRESENT VALUE OF MINIMUM LEASE PAYMENTS		
Not later than one year	496,753	-
Later than one year but not later than five years	762,113	-
	<u>1,258,866</u>	<u>-</u>
Less: Current portion of liabilities against assets subject to finance lease	496,753	-
	<u>762,113</u>	<u>-</u>

This represents vehicles acquired under lease arrangements from Bank Alfalah Limited. The liability under the leasing arrangement was payable in 36 equal monthly installments by 26-09-2013. The present value of minimum lease payments was discounted at implicit rates ranging from 18.20% per annum.

The liabilities are secured by way of charge over the leased assets and also secured against the personal guarantees of the directors and chief executive.

In case of default of any payment, additional charges are payable as per Bank's prevalent schedule of charges on all sums unpaid.

In case of early termination of lease agreements the company shall deliver vehicle to lesser along with the payment of agreed loss value as per lease agreement.

The company intends to exercise its option to purchase the leased vehicles at the residual value of the vehicles upon completion of lease period.

Taxes, repairs, replacements and insurance costs are to be borne by the lessee.

	Notes	2011 Rupees	2010 Rupees
8- DEFERRED LIABILITIES			
Deferred tax - net	8.1	6,988,661	8,609,364
Gratuity	8.2	3,593,205	2,618,954
		10,581,866	11,228,318
8.1- DEFERRED TAX - NET			
Deferred tax liabilities/(assets) arising due to:			
Accelerated tax depreciation		(1,601,359)	(965,940)
Provision for workers welfare fund		(13,800)	(12,482)
Provision for workers fund		(505,279)	(569,791)
Provision for gratuity		(1,257,622)	(916,634)
Provision for doubtful debts		(757,567)	(336,698)
Finance lease arrangements		119,397	-
		(4,016,230)	(2,801,545)
Surplus on revaluation of property plant and equipment		11,004,891	12,124,886
Unused losses and depreciation		-	(713,976)
		6,988,661	8,609,364
8.2- Employees Retirement benefits (gratuity unfunded)			
Present value of defined benefits		3,520,503	2,924,527
Benefits payable		66,000	66,000
Unrecognized actuarial gain/(loss)	8.2.1	6,702	(371,573)
		3,593,205	2,618,954
Movement in present value of obligations			
Present value of defined benefits obligation at the beginning of year		2,924,527	2,401,195
Current service cost for the year		610,121	571,148
Interest cost for the year		350,943	288,143
Actuarial (gain) / loss on PVDBO		(365,088)	(107,719)
Benefits paid during the year		-	(192,240)
Benefits due but not paid		-	(36,000)
Liability at the end of the year		3,520,503	2,924,527
8.2.1-Movement in Actuarial gains/(losses)			
Unrecognized gain/(loss) at the beginning of the year		(371,573)	(527,126)
Gain/(loss) recognized during the year		365,088	107,719
(Gain)/loss charged to P&L during the year		13,187	47,834
Unrecognized gain/(loss) at the end of the year		6,702	(371,573)
8.3- Apportionment of staff retirement benefits			
The expenses recognized in the income statement under following heads:			
Cost of goods sold		530,408	525,129
Administrative and general expenses		317,755	314,907
Selling and distribution expenses		126,088	97,088
		974,251	937,125

	Notes	2011 Rupees	2010 Rupees
9- TRADE AND OTHER PAYABLES			
Creditors		-	-
Accrued liabilities		3,225,407	2,793,487
Advances and deposits		625,188	406,756
Worker's welfare fund	9.1	39,429	35,663
Worker's profit participation fund	9.2	1,443,654	1,627,976
Tax deducted at source		88,837	14,005
		5,422,515	4,877,886
9.1- Workers Welfare Fund			
Balance as at beginning		35,663	11,783
Contribution for the year		27,646	23,880
		63,309	35,663
Payment made during the year		(23,880)	-
		39,429	35,663
9.2- Reconciliation of Workers Profit Participation Fund			
Balance as at beginning		1,627,976	1,319,728
Return on funds utilized by the company		301,176	244,150
Contribution for the year		-	64,098
		1,929,152	1,627,976
Payment made during the year		(485,498)	-
		1,443,654	1,627,976
Return on fund utilized by the company is computed at the rate 2.5% above the bank rate .			
10. PROVISION FOR TAXATION			
Opening balance		294,073	-
Add: Provision for the year		708,965	294,073
		1,003,038	294,073
Less: Adjustment against completed assessments		-	-
		1,003,038	294,073

Provision for taxation for the current year has been made on the basis of minimum tax liability under section 113 of the Income Tax Ordinance, 2001 due to assessed business losses and unabsorbed depreciation except previous year. Assessment upto tax year 2010 has been completed by virtue of provisions of section 120 of the Income Tax Ordinance, 2001. There is no pending litigation with tax department on issue of taxes payable.

11- CONTINGENCIES AND COMMITMENTS

12- PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	12.1	48,387,978	52,952,194
Leased assets	12.1	1,600,000	-
		49,987,978	52,952,194

12.1.1- OPERATING FIXED ASSETS

	Owned assets									Leased asset		
	Freehold land	Building on freehold land	Plant and machinery	Electrical Equipment	Furniture and fittings	Agricultural equipment	Office Equipment	Harvesting equipment	Vehicles	Total	Vehicles	Total
Rupees												
Year ended June 30, 2010												
Opening net book value	3,010,000	12,763,920	40,293,599	-	231,295	9,728	379,760	658,762	189,978	57,537,042	527,237	58,064,279
Additions	-	3,400	-	20,000	-	35,000	25,200	-	575,215	658,815	-	658,815
Reclassification												
-Cost	-	-	-	-	-	-	-	-	1,609,000	1,609,000	(1,609,000)	-
-Accumulated depreciation	-	-	-	-	-	-	-	-	(1,081,763)	(1,081,763)	1,081,763	-
Depreciation charged for the year	-	1,276,732	4,029,360	2,000	23,130	8,946	40,496	131,752	258,486	5,770,901	(527,237)	5,770,901
Closing net book value	3,010,000	11,490,588	36,264,239	18,000	208,166	35,782	364,464	527,010	1,033,944	52,952,194	-	52,952,194
At June 30, 2010												
Cost	3,010,000	32,015,888	119,137,157	20,000	646,248	58,750	1,008,936	7,669,000	3,247,129	166,813,109	-	166,813,109
Accumulated depreciation	-	20,525,300	82,872,918	2,000	438,083	22,968	644,472	7,141,990	2,213,185	113,860,915	-	113,860,915
Net book value	3,010,000	11,490,588	36,264,239	18,000	208,166	35,782	364,464	527,010	1,033,944	52,952,194	-	52,952,194
Year ended June 30, 2011												
Opening net book value	3,010,000	11,490,588	36,264,239	18,000	208,166	35,782	364,464	527,010	1,033,944	52,952,194	-	52,952,194
Additions	-	-	-	95,199	-	-	-	-	630,000	725,199	2,000,000	2,725,199
Depreciation charged for the year	-	1,149,059	3,626,424	11,320	20,817	7,156	36,446	105,402	332,789	5,289,415	400,000	5,689,413
Closing net book value	3,010,000	10,341,529	32,637,815	101,879	187,349	28,626	328,018	421,608	1,331,155	48,387,978	1,600,000	49,987,980
At June 30, 2011												
Cost	3,010,000	32,015,888	119,137,157	115,199	646,248	58,750	1,008,936	7,669,000	3,877,129	167,538,308	2,000,000	169,538,308
Accumulated depreciation	-	21,674,359	86,499,342	13,320	458,900	30,124	680,918	7,247,392	2,545,974	119,150,329	400,000	119,550,329
Net book value	3,010,000	10,341,529	32,637,815	101,879	187,348	28,626	328,018	421,608	1,331,155	48,387,978	1,600,000	49,987,980

Depreciation on operating fixed assets is charged at the following rates:

	Annual rate of depreciation (%)		Annual rate of depreciation (%)
Building on free hold area	10	Vehicles	20
Plant and machinery	10	Office equipment	10
Electrical Equipment	10	Harvesting equipment	20
Furniture and fittings	10	Agricultural equipment	20

Note: The carrying amount of the revalued assets that would have been included in the financial statements had these assets being carried at its cost less accumulated depreciation and accumulated impairment losses is shown as under:

Description	Carrying Value as at 30-06-2011			Carrying Value as at 30-06-2010		
	Inclusive of surplus	Surplus	Exclusive of surplus	Inclusive of surplus	Surplus	Exclusive of surplus
Land freehold	3,010,000	1,364,059	1,645,941	3,010,000	1,364,059	1,645,941
Building on freehold land	12,763,920	5,481,641	7,282,279	12,763,920	6,090,712	6,673,208
Plant and machinery	40,293,599	24,565,687	15,727,912	40,293,599	27,295,207	12,998,392
	56,067,519	31,411,386	24,656,133	56,067,519	34,749,978	21,317,541

First Revaluation was made on 30-06-1996 of land, building and plant and machinery and was carried out by independent valuer M/s Haseeb Associates and certified by M/s. Anjum Asim Shahid & Co. Chartered Accountants, and revaluation surplus was amounting to Rs. 32.959 Million. Second revaluation was made on May 22, 2006 of aforesaid assets by the independent valuer M/s. Mughal Associates and certified by M/s. Khalid Majid Rehman Sarfraz Rahim Iqbal Rafiq, Chartered Accountants and revaluation surplus was determined at Rs. 46,026,266/- on that date and accumulated incremental depreciation on surplus till balance sheet date is Rs. 47,437,499/- (2010: Rs. 44,237,512). See note No. 5 and 3.3 Revaluations surplus to the extent of incremental depreciation net of deferred tax is transferred to revenue reserves and unrealized revaluation surplus on property, plant and equipment could not be distributed directly or indirectly by way of dividend or bonus to the shareholders in terms of restrictions imposed by Section 235(2) of Companies Ordinance 1984.

BASIS OF REVALUATION

Land freehold	Inspection and market inquiry was conducted to determine the value of land and fair value was determined mainly with reference to price of similar properties in the locality.
Building on Land freehold	Survey of the building was conducted and fair value was determined keeping in view the type of construction, existing condition, life lived, aging effect of super structure, expected future life and residual factor.
Plant and Machinery	Fair value determined after conducting investigation, examining current condition, specification, technical data, year of manufacturing, working efficiency, useful life, capacity utilization, maintenance schedule, useful and expected future life, current market value and replacement of plant and machinery.

12.2- The depreciation for the year has been allocated as follows:

	2011	2010
Cost of goods sold	4,775,483	5,306,092
Administrative expenses	913,930	464,810
	5,689,413	5,770,901
Total Depreciation		
-Normal Depreciation		
-Owned assets	2,089,426	1,953,907
-Leased assets	400,000	-
-Incremental Depreciation	3,199,987	3,816,994
	5,689,413	5,770,901

13. STORES, SPARES PARTS AND LOOSE TOOLS

Stores and spares parts	13.1	2,162,863	2,510,402
Loose tools		211,423	211,423
		2,374,286	2,721,825

13.1.- Store and spare parts are interchangeable and it is not practicable to distinguish from each other.

14. STOCK IN TRADE

Raw material	12,222,351	7,589,833
Finished goods	12,033,998	13,040,215
	24,256,349	20,630,048

15. TRADE DEBTS -UNSECURED

Considered good	16,530,056	16,440,282
Considered doubtful	2,164,478	961,994
	18,694,534	17,402,276
Less: Provision for doubtful debts	2,164,478	961,994
	16,530,056	16,440,282

	Notes	2011 Rupees	2010 Rupees
16. LOAN AND ADVANCES			
Advances to executive staff:			
Considered good	16.1	1,221,525	1,206,525
Advances to other employees:			
Considered good		1,725,760	1,576,791
Advances to suppliers:			
Considered good		4,214,097	3,292,005
Other advances			
Advance income tax	16.2	1,207,120	897,530
		8,368,502	6,972,851
Advances to employees are provided to meet business expenses and are settled as an when the expenses are incurred			
16.1 MOVEMENT OF ADVANCES TO EXECUTIVE STAFF			
Opening balance		1,206,525	697,225
Advance during the year		79,000	678,115
		<u>1,285,525</u>	<u>1,375,340</u>
Received/transferred during the year		(64,000)	(168,815)
Closing balance		1,221,525	1,206,525
The maximum aggregate amount due from executive staff at the end of any month during the year was Rs. 1,230,525/- (2010; 1,216,525/-).			
16.2 ADVANCE INCOME TAX			
Opening balance		897,530	710,641
Tax deducted/paid during the year		333,470	186,889
		<u>1,231,000</u>	<u>897,530</u>
Adjustment during the year		(23,880)	-
		1,207,120	897,530
17. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits with statutory authorities		90,350	90,350
Prepayments	17.1	4,407,655	2,901,931
		<u>4,498,005</u>	<u>2,992,281</u>
17.1- PREPAYMENTS			
Prepaid insurance - Vehicles		72,739	86,980
Prepaid lease charges - Farms		2,801,956	2,752,910
Prepaid exp for crops - Farms (Cotton)		1,532,960	-
Prepaid consultancy charges - Generator		-	62,041
		<u>4,407,655</u>	<u>2,901,931</u>
18. CASH AND BANK BALANCES			
Cash in hand			
-Head office		104,168	5,693
-Factory		88,335	58,703
Cash at bank:		192,503	64,396
-Current accounts		2,848,340	4,328,652
		3,040,843	4,393,048

	Notes	2011 Rupees	2010 Rupees
19. TURNOVER			
Gross Turnover	19.1	71,652,208	59,307,172
Less: Trade discounts		755,682	492,589
		<u>70,896,526</u>	<u>58,814,583</u>
19.1 Gross Turnover			
Sale of goods	19.1.1	30,253,970	15,743,194
Sale of services	19.1.2	41,398,238	43,563,978
		<u>71,652,208</u>	<u>59,307,172</u>
19.1.1 Sale of Goods			
Hybrid corn seed		4,662,200	4,673,997
Cotton seed		9,146,265	7,302,924
Vegetable seed		48,720	100,800
Okra seed		228,000	156,680
Wheat seed		8,020,303	1,512,029
S.S.G		507,800	107,700
Sale of Paddy		1,303,324	-
Farm and chemical		443,310	698,825
Micronutrient		504,700	189,850
Other seeds		145,615	1,000,389
Sale seeds		5,243,733	-
Sale of lint		<u>30,253,970</u>	<u>15,743,194</u>
19.1.2 Sale of Services			
Seed processing		41,398,238	43,563,978
		<u>41,398,238</u>	<u>43,563,978</u>
20. COST OF SALES			
Raw material consumed	20.1	22,024,851	14,625,076
Chemicals, stores and others		5,217,408	5,519,636
Salaries, wages & benefits	20.2	5,631,354	5,548,638
Fuel and power		11,277,006	11,798,555
Repair and maintenance (Plant & machinery)		1,868,204	769,965
Repair and maintenance (Building)		497,814	61,130
Repair and maintenance (Electrical)		213,214	98,297
Processing expenses		3,060,370	3,053,125
Research and development expenses		785,596	1,842,654
Research and development expenses-Bedian		2,352,029	-
Harvester expenses		-	11,412
Micronutrient expenses		242,001	110,944
Vehicle repair and maintenance		118,100	142,037
Laboratory expenses		126,564	54,273
Entertainment		232,186	185,027
Telephone charges		125,994	106,661
Kappa's Ginning charges		101,680	2,080
Travelling and conveyance		26,238	31,134
Depreciation	12.2	4,775,483	5,306,092
Miscellaneous charges		24,016	17,715
		<u>58,700,108</u>	<u>49,284,451</u>
Adjustments of finished goods			
- Opening		13,040,215	11,082,310
- Closing		(12,033,998)	(13,040,215)
		<u>1,006,217</u>	<u>(1,957,905)</u>
		<u>59,706,325</u>	<u>47,326,546</u>

20.1 RAW MATERIAL CONSUMED	Notes	2011 Rupees	2010 Rupees
Raw material consumed - Fuzzy seed	20.1.1	-	6,505,271
Raw material consumed - Wheat	20.1.2	9,080,840	1,946,566
Raw material consumed - Hybrid Corn seed	20.1.3	5,320,882	3,940,158
Raw material consumed - Okra seed	20.1.4	430,467	203,577
Raw material consumed - Delinted Cotton seed	20.1.5	5,377,580	1,902,281
Raw material consumed - S.S.G seed	20.1.6	289,063	67,684
Raw material consumed - Peas	20.1.7	30,450	28,264
Raw material consumed - Bursum	20.1.8	-	31,275
Raw material consumed - Soyabean	20.1.9	37,053	-
Raw material consumed - Rice / Paddy	20.1.10	1,458,516	-
		<u>22,024,851</u>	<u>14,625,076</u>
20.1.1 RAW MATERIAL CONSUMED - FUZZY SEED			
Opening stocks - 01-07-2010		-	-
Add: Purchases		-	6,505,271
Add: Expenses on production - own farms		-	-
Add: Freight on purchases		-	-
		-	6,505,271
Closing stock 30-06-2011		-	-
Consumed for own farm production		<u>-</u>	<u>6,505,271</u>
20.1.2 RAW MATERIAL CONSUMED - WHEAT SEED			
Opening stocks - 01-07-2010		5,738,415	343,143
Add: Purchases		786,497	5,034,232
Add: Expenses on production - own farms		5,366,789	2,307,606
		11,891,701	7,684,981
Closing stock 30-06-2011		<u>(2,810,861)</u>	<u>(5,738,415)</u>
Consumed for own farm production		<u>9,080,840</u>	<u>1,946,566</u>
20.1.3 RAW MATERIAL CONSUMED - HYBRID CORN			
Opening stocks - 01-07-2010		1,851,418	629,509
Add: Purchases		-	-
Add: Expenses on production - own farms		7,878,324	5,162,067
		9,729,742	5,791,576
Closing stock 30-06-2011		<u>(4,408,860)</u>	<u>(1,851,418)</u>
Consumed for own farm production		<u>5,320,882</u>	<u>3,940,158</u>
20.1.4 RAW MATERIAL CONSUMED - OKRA SEED			
Opening stocks -01-07-2010		-	100,425
Add: Purchases		-	3,800
Add: Expenses on production - own farms		559,367	99,352
		559,367	203,577
Closing stock 30-06-2011		<u>(128,900)</u>	-
Consumed for own farm production		<u>430,467</u>	<u>203,577</u>
20.1.5 RAW MATERIAL CONSUMED - DELINTED COTTON SEED			
Opening stocks - 01-07-2010		-	-
Add: Purchases		7,820,730	78,490
Add: Expense on production - own farms		2,191,250	1,823,791
		10,011,980	1,902,281
Closing stock 30-06-2011		<u>(4,634,400)</u>	-
Consumed for own farm production		<u>5,377,580</u>	<u>1,902,281</u>

	2011 Rupees	2010 Rupees
20.1.6 RAW MATERIAL CONSUMED - S.S.G SEED		
Opening stock - 01-07-2010	-	-
Add: Purchases	17,640	-
Add: Expense on production - own farms	271,423	67,684
	289,063	67,684
Closing stock 30-06-2011	-	-
Consumed for own farm production	<u>289,063</u>	<u>67,684</u>
20.1.7 RAW MATERIAL CONSUMED - PEAS		
Opening stock - 01-07-2010	-	26,600
Add: Purchases	-	-
Add: Expense on production - own farms	30,450	1,664
	30,450	28,264
Closing stock 30-06-2011	-	-
Consumed for own farm production	<u>30,450</u>	<u>28,264</u>
20.1.8 RAW MATERIAL CONSUMED - BURSUM		
Opening stock - 01-07-2010	-	-
Add: Purchases	-	31,275
Add: Expense on production - own farms	-	-
	-	31,275
Closing stock 30-06-2011	-	-
Consumed for own farm production	<u>-</u>	<u>31,275</u>
20.1.9 RAW MATERIAL CONSUMED - Soyabeeb		
Opening stock - 01-07-2010	-	-
Add: Purchases	-	-
Add: Expense on production - own farms	37,053	-
	37,053	-
Closing stock 30-06-2011	-	-
Consumed for own farm production	<u>37,053</u>	<u>-</u>
20.1.10 RAW MATERIAL CONSUMED - Rice/Paddy		
Opening stock - 01-07-2010	-	-
Add: Purchases	-	-
Add: Expense on production - own farms	1,697,846	-
	1,697,846	-
Closing stock 30-06-2011	(239,330)	-
Consumed for own farm production	<u>1,458,516</u>	<u>-</u>
20.2 Salaries, wages and benefits include Rs. 530,408/- (2010 Rs. 525,129/-) in respect of staff retirement benefits gratuity (Note # 8.3)		
21. ADMINISTRATIVE EXPENSES		
Salaries, wages & benefits	21.1 3,373,609	3,327,386
Printing and stationery	391,140	295,015
Travelling and conveyance	56,375	32,597
Vehicles running and maintenance	167,734	80,087
Rent, rates and taxes	132,299	40,312
Postage and telegram	93,384	98,318
Electricity expenses	588,697	469,221
Telephone expenses	25,110	13,240
Entertainment	44,002	43,192
Newspaper and periodicals	4,315	3,785
Fee and subscription	42,500	188,240
Legal and professional charges	175,144	128,050
Auditor's remuneration	21.2 400,000	400,000
Canteen expenses	166,334	137,866
Repair & maintenance - office equipment	52,260	13,900
Charity & donation	152,946	-
Usher on wheat	96,681	115,437
Insurance expenses	180,058	84,725
Depreciation	12.2 913,930	464,810
Miscellaneous expenses	141,602	65,596
	<u>7,198,120</u>	<u>6,001,777</u>
21.1- Salaries, wages and benefits include Rs. 317,755/- (2010: Rs. 314,907/-) in respect of staff retirement benefits - gratuity (Note # 8.3).		

	Notes	2011 Rupees	2010 Rupees
21.2 Auditor's remuneration			
Audit Fee		250,000	250,000
Tax consultancy		150,000	150,000
		<u>400,000</u>	<u>400,000</u>
22. DISTRIBUTION COST			
Salaries, wages and benefits	22.1	1,338,677	1,025,858
Telephone expenses		65,000	47,495
Travelling and conveyance		13,506	41,800
Entertainment		38,328	43,290
Advertisement		148,999	87,780
Repair & maintenance - Vehicles		1,156,894	908,871
Freight & octroi		637,851	1,164,627
Sale promotion expenses		177,981	105,814
Residence expenses		5,750	-
Doubtful debts		1,202,484	539,481
Miscellaneous expenses		27,253	20,546
		<u>4,812,724</u>	<u>3,985,562</u>
22.1. Salaries, wages and benefits include Rs. 126,088/- (2010: Rs. 97,088/-) in respect of staff retirement benefits - gratuity (Note # 8.3)			
23. FINANCE AND OTHER COST			
Lease finance charges		174,140	-
Bank Charges		71,058	29,548
Stock exchange fees		50,417	30,000
Other cost			
Workers profit participation fund		301,176	308,248
Workers welfare fund		27,646	23,880
		<u>624,438</u>	<u>391,676</u>
24. OTHER INCOME			
Income from non financial assets			
Cleaning and drying		620,825	84,960
Weighing		<u>620,825</u>	<u>84,960</u>
25. TAXATION			
Current year		708,965	294,073
Prior years		-	-
DEFERRED		708,965	294,073
Current year		(1,113,032)	505,201
Prior years		(507,672)	-
		<u>(1,620,703)</u>	<u>505,201</u>
		<u>(911,738)</u>	<u>799,274</u>

24.1- NUMERICAL RECONCILIATION BETWEEN THE AVERAGE EFFECTIVE TAX RATE AND THE APPLICABLE TAX RATE.	%AGE	%AGE
Applicable tax rate	35.00%	35.00%
Tax effect of non deductible expenses	0.00%	0.00%
Tax effect of minimum tax liability	-121.01%	31.94%
Tax effect of prior year relating to revaluation surplus	0.00%	0.00%
Tax effect of prior year relating to workers fund	0.00%	0.00%
Tax charge relating to prior year	61.59%	0.00%
Tax effect relating to deferred tax current year	135.03%	0.00%
Average effective tax rate	<u>110.61%</u>	<u>66.94%</u>
Tax expense for the year divided by profit before tax		

25. EARNING PER SHARE	Note	2011 Rupees	2010 Rupees
Net Profit/(loss) for the year after taxation		87,482	394,709
Number of ordinary shares issued and subscribed at the end of the year		4,000,000	4,000,000
		<u>0.02</u>	<u>0.10</u>
25.1. BASIC		<u>0.02</u>	<u>0.10</u>
Earning per share		<u>0.02</u>	<u>0.10</u>

25.2. DILUTED

There is no dilution effect on the basic earning per share of the company as the company has no such commitments.

26. NUMBER OF EMPLOYEES	32 Nos.	44 Nos.
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27. REMUNERATION OF CHIEF EXECUTIVES, DIRECTORS AND EXECUTIVES	EXECUTIVE	
Managerial remuneration	1,600,008	1,600,008
Commission or bonus	-	-
Utilities	79,992	79,992
House rent	720,000	720,000
Medical	96,000	96,000
Pension, gratuity and contribution to other funds	-	-
Other perquisites and benefits	-	-
	<u>2,496,000</u>	<u>2,496,000</u>
Number of persons	<u>1</u>	<u>1</u>

Executive has been provided with free use of company's maintained car for official use only. No remuneration was paid to chief executive and directors during the year nor any meeting fees.

28. TRANSACTIONS WITH ASSOCIATED UNDERTAKING	NIL	NIL
Transactions / Services rendered / received	<u>NIL</u>	<u>NIL</u>

29. CAPACITY AND PRODUCTION	M.Tons	M.Tons
Annual rated capacity (at 100% capacity) (Based on 50 Tons per day of 24 hours and 365 days a year)	18,250	18,250
Actual Production		
- Cotton seeds	48	44
- Other seeds	236	31
- Third party seed-processed	8,606	6,723
	<u>8,889</u>	<u>6,798</u>

29.1. The exact rated capacity of the plant can not be determined as it varies according to nature of seeds to be processed and also affected by various other associated factors.

29.2. Due to perishable nature of the product, the actual production is limited to market demand.

**30. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES
FINANCIAL RISK MANAGEMENT**

The Company has exposure to the followings risks from its use of financial instruments:

Credit risk
Liquidity risk
Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The board is also responsible for developing and monitoring the Company's risk management policies.

COMPANY RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors and compliance with Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

30.1- Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted and arise principally from trade receivables, loans and advances and trade deposits. Out of the total financial assets of Rs. 28,495,310/- (2010: Rs. 28,362,090) financial assets which are subject to credit risk amount to Rs. 23,969,042/- (2010: Rs. 23,752,997/-).

To manage exposure to credit risk in respect of trade receivables. Management maintains procedures covering the application for credit approvals, granting and renewal of counter parties limit taking into account the customer's financial position, past track record, credit rating and other factors. As a part of these processes, exposures of credit risk are regularly monitored, assessed and customer are persuaded for prompt recovery. In addition to this the company has established an allowances for impairment that is estimate of expected losses in respect of trade debts. This allowance is based on the management assessment of specific loss component that relate to significant exposures. Sales to customers are also made against advance payment to further prudently manage the credit risk.

The Company limits its exposure to credit risk by following the polices and procedures of approval and continuous monitoring of loan and advances extended to staff and suppliers and maintain bank account only with counterparty that have high degree of credit rating. Advance tax is adjustable or recoverable from FBR which is a State authority and have high credit rating. Given these high credit ratings, management do not expect that any of these counterparty fail to meet its obligations.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date was:

	2011 Rupees	2010 Rupees
Trade debtors	16,530,056	16,440,282
Loan's and advances	8,834,061	7,438,410
Trade deposits	90,350	90,350
Cash and Bank balance	3,040,843	4,393,048
	<u>28,495,310</u>	<u>28,362,090</u>

The trade debts as at the balance sheet date are classified by Geographical area as follows:

	2011 Rupees	2010 Rupees
Foreign	-	-
Domestic	16,530,056	16,440,282
	<u>16,530,056</u>	<u>16,440,282</u>

Impairment Losses

The aging of trade debts at the reporting date was:

	2011		2010	
	Gross debts	Impaired	Gross debts	Impaired
Not past due	3,038,067	-	1,173,763	-
Past due 0-30 days	469,372	-	2,448,997	-
Past due 30-60 days	213,765	-	286,400	-
Past due 60-90 days	6,954	-	876,145	-
Over 90 days	14,966,377	(2,164,478)	12,616,971	(961,994)
	<u>18,694,534</u>	<u>(2,164,478)</u>	<u>17,402,276</u>	<u>(961,994)</u>

The movement in the allowance for impairment in respect of trade debts during the yeas was as follows:

	2011 Rupees	2010 Rupees
Balance at the beginning of the year	961,994	1,531,326
Provision made during the year	1,202,484	539,481
Written off during the year	-	(1,108,813)
Balance at the end of the year	<u>2,164,476</u>	<u>961,994</u>

Based on past experience and practice, consideration of financial position, past track records and recoveries, the Company believes that trade debtors past due to 60 days do not require any impairment allowance and no impairment loss is necessary in respect of remaining portion of past due over 90 days other than amount provided. Trade debts are essentially due from corporate entities and farmers and the Company is actively pursuing for prompt recovery of debts and does not expect these counter parties to fail to meet their obligations

The allowance accounts in respect of trade receivables, loans and advances are used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible, at that point the amount considered irrecoverable is written off against the financial asset directly.

31.2- Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The maturity profile of the Company's financial liabilities based on the contractual amounts is as follows:

	2011		2010	
	Carrying amount	Contractual Cashflows	Carrying amount	Contractual Cashflows
Loans and other borrowings - Unsecured	40,378,943	-	40,378,943	-
Trade and other payables - Unsecured	5,422,515	5,422,515	4,877,886	4,877,886
	45,801,458	5,422,515	45,256,829	4,877,886

The Company is not materially exposed to liquidity risk as substantially all obligations, commitments of the company are of short term and routine in nature (Accrued expense) and are restricted to the extent of available liquidity except the long term unsecured interest free loan obtained from the directors redeemable on the option of the Company. As a part of liquidity risk management policy Company follows effective cashflow, planning, controlling and management procedures to ensure availability of funds through effective working capital management and to appropriate measures for new requirements.

31.3- Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will effect company's income or the value of its holdings of financial instruments. The objective of the market risk management is to manage and control market exposures within acceptable parameters, while optimizing the return on risk.

31.3.1- Foreign currency risk management

Foreign currency risk arises mainly where receivable and payables exist due to the transactions with foreign undertaking. Financial assets and financial liabilities of the company are not exposed to currency risk as a company has not entered into any transaction with any foreign undertakings.

31.3.2 - Interest rate risk management:

The Company's income and operating cashflows are substantially independent of changes in market interest rates. The Company has no significant long term interest bearing financial assets and liabilities whose fair value or cash flows will fluctuate because of changes in market interest rates. As there is no interest bearing financial asset and liability therefore disclosure requirement of effective rate of interest not attracted.

31.3.3 - Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its businesses.

The company manage its capital structure by effective cash flow management to ensure availability of funds and by monitoring return on net assets and make adjustments thereto in the light of changes in economic conditions. Consistent with others in the industry, the company manage its capital risk by monitoring its debt levels and liquid assets and keeping in view future requirements and expectations of the shareholders. Debt is calculating as total borrowings. Total capital comprises shareholders equity as shown in the balance sheet under share capital and reserves. In order to maintain or adjust the capital structure, the company may also adjust the amount of dividends paid to shareholders or issue new shares.

31.3.4 - Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The company is not exposed to any price risk as there are no financial instruments at the reporting date that are sensitive to price fluctuations.

31.4- Fair Value of financial assets and financial liabilities

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

32. DATE OF AUTHORIZATION FOR ISSUE

The financial statements have been authorized for issue on October 06, 2011 by the board of directors of the company.

(FAAIZ RAHIM KHAN)
Chief Executive

(ASIF RAHIM KHAN)
Director

DATA AGRO LIMITED FORM 34
The Companies Ordinance, 1984 (Section 236)
PATTERN OF SHARE HOLDINGS
AS AT JUNE 30, 2011

Number of Share Holders	From Shares	To Shares	Total Shares Held	Percentage of Total Capital
10	1	100	1,000	0.03
3331	101	500	1,663,900	41.60
6	501	1000	5,600	0.14
7	1,001	5000	20,000	0.50
4	5,001	10000	39,000	0.98
2	15,001	20000	34,800	0.87
2	20,001	25000	42,000	1.05
1	25,001	30000	29,500	0.74
1	30,001	35000	34,000	0.85
1	80,001	85000	84,000	2.10
2	110,001	115000	229,200	5.73
1	175,001	180000	179,000	4.48
1	215,001	220000	219,200	5.48
1	275,001	280000	275,800	6.90
1	360,001	390000	748,100	18.70
1	390,001	395000	394,900	9.87
<u>3,374</u>		Total	<u>4,000,000</u>	<u>100.00</u>

CATEGORIES OF SHARE HOLDINGS
AS ON JUNE 30-06-2011

Sr #	Share-holders Category	No. of Shareholders	No. of Shares	Percentage
	Directors, CEO and their spouse and minor children. Executives;	9	1,130,400	28.26
	Associated Companies, Undertakings and related Parties.	-	-	-
	Public Sector Companies & Corporations	1	394,900	9.87
	NIT and ICP.	-	-	-
	NBP (Trustee Department) 179,000			
	IDBP (ICP Unit) 34,000	2	213,000	5.33
	Bank, DFI's, Non-Banking Modarba, Insurance Companies, M. Fund.	1	21,000	0.53
	Others	-	-	-
	*Shareholding 10% or More (Included in above Category)	-	-	-
	Individuals.	3,361	2,495,700	56.54
	Total	3,374	4,000,000	100.00

CATEGORIES OF SHARE HOLDERS

	Shares held	Percentage
Directors, CE & their Spouse and Minor Children		
1. Mr. Faaiz Rahim Khan	10,000	0.25
2. Mr. Asif Rahim Khan	10,000	0.25
3. Mr. Anwar-ul-Haq	1,000	0.03
4. Mrs. Badar Hussain	500	0.01
5. Mrs. Faiza Khan	359,800	9.00
6. Mr. Asad Rahim Khan	383,500	5.59
7. Mr. Saad Rahim Khan	364,600	9.12
8. Mr. Muhammad Ayub Khan	500	0.01
9. Mr. Shamim Ahmed Khan	500	0.01
Total	1,130,400	28.26
Associated Companies, Undertakings and Related Parties		
DATA ENTERPRISES (PVT) LTD.	394,900	9.87
Total	394,900	9.87
NIT & IDBP (ICP UNIT)		
National Bank of Pakistan (Trustee Department)	179,000	4.48
IDBP (ICP Unit)	34,000	0.85
Total	213,000	5.33
Banks, Development Financial Institutions, Non-Banking Financial Institutions, Insurance Companies, Modarabas & Mutual Funds		
The Bank of Punjab	21,000	0.53
Total	21,000	0.53
Shareholding 10% or more		
General Public (Local)		
Individuals	2,261,700	56.54
Total	2,261,700	56.54
Grand Total	4,000,000	100.00