

ANNUAL REPORT AND ACCOUNTS 2018



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
Chief Financial Officer:	Mr. Muhammad Azam
Company Secretary:	Mr. Suhail Mehmood
Audit Committee:	Mr. Hamid Jamshed (Chairman) Mr. Asad Rahim Khan (Member) Mrs. Badar Hussain (Member)
HR Committee:	Mr. Hamid Jamshed (Chairman) Mr. Muhammad Ayub Khan (Member) Mrs. Badar Hussain (Member) Mr. Asad Rahim Khan (Member)
Auditors:	M/s. Razaqat 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
Legal Advisor:	Ashtar Ali & Co. Advocates and Corporate Consultants
Share Registrar:	Hameed Majeed Associates (Pvt.) Ltd. H.M. House, 7-Bank Square, Lahore
Registered Office:	135-Scotch Corner, Upper Mall, Lahore.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting of Shareholders of Data Agro Limited will be held on Saturday October 27, 2018 at 11:30 A.M. at the Registered Office of the Company, 135-Scotch Corner, Upeer Mall, Lahore to transact the following business.

1. To confirm the minutes of 25th Annual General Meeting held on October 31, 2017.
2. To receive and adopt the Audited Accounts of the Company along with Directors and Auditors reports thereon, for the year ended June 30, 2018.
3. To elect Directors in accordance with the provisions of Section 159 of the Companies Act, 2017. The Directors have fixed the number of elected Directors at SEVEN .The Names of the retiring Directors are as under:
 - a) Mr. Faaiz Rahim Khan
 - b) Mr. Hamid Jamshed
 - c) Mr. Asif Rahim Khan
 - d) Mr. Asad Rahim Khan
 - e) Mr. Anwar Ul Haq
 - f) Mrs. Badar Hussain
 - g) Mr. M.Ayub Khan
4. The retiring directors are eligible for re-appointment .
4. To appoint Auditors of the company for the year ended June 30, 2019 and to fix their remuneration. The retiring Auditors M/s Razaqat Mansha Mohsin Dossani Masoom & Co. Chartered Accountants, being eligible has offered themselves for reappointment.
5. Any other business with the permission of the chair.

The Share Transfer Books of the Company will remain close from October 21, 2018 to October 27, 2018 (both days inclusive).

BY ORDER OF THE BOARD
(Suhail Mehmood)
Company Secretary

Lahore
October 06, 2018.

NOTES:

- (a) The Share Transfer Books of the Company will remain close from October 21, 2018 to October 27, 2018 (both days inclusive).
- (b) A member entitled to attend and vote at the above meeting may appoint another as proxy to attend, speak, & vote on his/her behalf. 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.
- (c) Members whose shares are deposited within CDC of Pakistan Limited are requested to bring original computerized CNIC along with the participants ID number and their account number in CDC of Pakistan Limited to facilitate identification at the time of annual general meeting. In case of proxy, an attested copy of proxy's CNIC, account and participant CNIC be enclosed. In case of corporate entity,

- (d) Members are requested to notify the Company of the any change in their addresses, if any change inform the Company's Share Registrar M/s Hameed Majeed Associates (Pvt) Ltd at H.M House 7-Bank Square, Lahore
- (e) Nomination from the member for the office of Director must be received at least 14 clear days before the time of the meeting at the registered office of the Company during working hours.
- (f) SECP through its Notification SRO 787 (I)/2014 dated September 8, 2014 has allowed the circulation of Audited Financial Statements along with Notice of Annual General Meeting to the members of the Company through e-mail. Therefore, all members of the Company who which to receive soft copy of Annual Reports are requested to send their e-mail address. The consent form for electronic transmission could be downloaded from the Company's website: www.dataagrolimited.com.

The Company shall, however, provide hard copy of the Audited Financial Statement to its shareholders, on request, free of cost, within seven days of receipt of such request.

CHAIRMAN'S REVIEW

On behalf of the Board of Directors, the shareholders of the Company are warmly welcomed to the Annual General Meeting of the Company. I also welcome the newly elected Board of Directors and the various recently set up Board committees and hope that they will elevate the Company's tactical, operational, and financial strategies to new heights by utilizing their broad range of visions, in-depth knowledge and vast market experience. I would also like to place on record my appreciation of the contributions made by the outgoing Board and Committees.

By upholding the vision and core values of the business, the Board followed a proactive approach to maximize shareholders' value. It did so by equipping the Company with every possible resource that would enable the Company's management to derive value from many opportunities while achieving an appropriate balance between risk and returns. Good corporate governance has been ensured by maintaining high levels of professional and business conduct, implementing effective internal controls and audit functions, including a relevant risk-management framework. The Board not only focused on implementing the strategies set in previous years to continue forward with hard-won momentum, but also found benefit in engaging in new business opportunities.

The year started, under the visionary stewardship of the Board, with a clear roadmap on how to create and capture value for all stakeholders. 2017-18 was another volatile year for the seed industry with prices appearing to be on track for a sustainable recovery by the end of the year. The industry has faced several challenges and pressures during the recent years which still need addressing in order to make the business more viable in light of a slowing global economy and changing political and socioeconomic factors. Growth in emerging markets shall provide an opportunity to support and strengthen this industry to make it more lucrative and profitable. The economic factors within the country deteriorated in the backdrop of political upheaval and the government focused on controlling challenges regarding energy crisis, unemployment, infrastructure development, and other sectors. Lack of Foreign Direct Investment also contributed to the slowdown of the economy. Despite this, there was a 30% increase in sales. Management has done well to capture an additional share of the market to reflect this increase in sales. Given the leadership of the Board, the decision-making of Management, and the effort of every member of the Company, it is certain that the Company will remain on the path of delivering excellent performance consistently.

LAHORE
October 05, 2018



HAMID JAMSHED
Chairman

DIRECTOR'S REPORT

The Directors of the Company are pleased to present the 26th annual report along with the audited accounts for the year ended June 30, 2018.

Performance Review

The Company has processed seeds of Cotton, Wheat and produced Hybrid Corn. We continue to add new crops to our range of seeds that we provide to the farmer. We are actively involved in Hybrid Corn production. We benefited from the farmers being positive about the Cotton Crop. Our results show an increase in 3rd party cotton seed processing/delinting totaling 2,922 Metric Tons (2017: 2,350 Metric Tons).

	2018 (M.Ton)	2017 (M.Ton)
Production	<u>2922</u>	<u>2350</u>

Financial Results

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

	2018 (Rupees)	2017 (Rupees)
Sales	130,597,599	122,375,954
Cost of sales	103,292,839	95,118,324
Gross profit	27,304,760	27,257,630
Operating expenses	20,417,802	21,528,680
Finance & other charges	907,381	740,809
Other income	897,764	77,770
Profit / (loss) before taxation	6,877,341	5,065,911
Taxation	3,024,329	2,728,309
Profit/ (loss) after taxation	3,853,012	2,337,601

The review period has shown better performance from the Company. Financials show an increase in sales while keeping costs in check. The main reason for this change has been the efforts and focus of our staff. Another reason is 3rd party cultivation which reduced our cost. We hope this trend will continue to be beneficial for the Company in the future. Our new Hybrids produced good results and reports from the market and farmers are positive. We hope sales of these seeds will increase further.

We continue to invest heavily in R&D of Hybrid Corn and other seeds. This has lowered profit margins, but we consider it a worthwhile investment. We are hopeful the coming quarter will produce favorable results from Hybrid Corn sales. We are optimistic about yield results. Our cotton seed sale, in both fuzzy and delinted form, has maintained high standards of quality.

Management has done extremely well in controlling administrative costs. 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 matter of policy are not presently taking any loans.

Corporate Governance

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

The following are statements on corporate and financial reporting framework;

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 a going concern.
8. The company has not declared any dividend. The company has planned to invest and utilize available funds to get better results and profit.

Audit Committee

The board has constituted an audit committee, consisting of three non-executive directors and its chairman is an independent director.

HR Committee

The board has constituted a HR committee, consisting of 4 non-executive directors and its chairman is an independent director.

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	Meetings Attended
Mr. Faaiz Rahim Khan	6
Mr. Asif Rahim Khan	4
Mr. Hamid Jamshed	6
Mr. Muhammad Ayub Khan	4
Mrs. Badar Hussain	5
Mr. Anwar-ul-Haq	6
Mr. Asad Rahim Khan	5

Leave of absence was granted to directors who could not attend any of the Board Meetings.

Pattern of Shareholdings

The pattern of Shareholdings is on page No.46.

Future Outlook

In future we shall concentrate on Hybrid Corn seed but will also make efforts to make our range of seeds comprehensive. In the coming year we shall invest in varieties of cotton seed and wheat and plan to enter in the vegetable seeds market. This will increase our capacity utilization further while maintaining our high standards of quality.

Auditors

The present Auditors M/S. Razaqat, Mansha, Mohsin, Dossani, Masoom & Company, Chartered Accountants, retired and being eligible, offer themselves for re-appointment for the year ending June 30, 2019.

Acknowledgment

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

On behalf of the Board



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 Listed Companies (Code of Corporate Governance) Regulations, 2017
Year ending: June 30, 2018**

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors areas per the following: 2. The total number of directors areas per the following:

Gender	Number
Male	6
Female	1

Category	Names
Independent Directors	Mr. Hamid Jamshed
Other Non Executive Directors	Mr. Asif Rahim Khan Mr. M. Ayub Khan Mr. Asad Rahim Khan Mrs. Badar Hussain
Executive Director	Mr. Faaiz Rahim Khan Mr. Anwar UI Haq

Further, as per the proviso to Regulation 6 of the 2017 Code, grace period has been prescribed in respect of transition phase for composition of the Board with respect to minimum number of independent directors as specified in the 2017 Code. Subsequent to the year end, fresh election for the Company's Board of Directors were held on October 27, 2018 and the related requirement of the 2017 Code has also been complied with.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. In terms of Regulation 20 of the 2017 Code, the Companies are required to ensure that all the directors on their board have acquired the prescribed certification under Director Training Program by June 30, 2021. Presently no director has participated in the training program required as per Regulation, however in the next financial year the compliance of the said Regulation will be ensured.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

Committees	Composition/Names
Audit Committee	Mr. Hamid Jamshed - Chairman (Independent Director) Mr. Asad Rahim Khan - Member Mr. Shaharyar Ali Khan - Member
HR & Remuneration Committee	Mr. Hamid Jamshed - Chairman Members: Mr. Muhammad Ayub Khan - Member Mrs. Badar Hussain – Member Mr. Asad Rahim Khan - Memeber

The Company was in compliance with the Code of Corporate Governance, 2012 for the year ended June 30, 2018. Further, during the year, the committees of the Board of Directors have been reconstituted to comply with the requirements of the 2017 Code.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the committee were as per following:

Committees	Composition/Names
Audit Committee	Four quarterly meetings were held during the financial year ended June 30, 2018
HR & Remuneration Committee	One meeting was held during the financial year ended June 30, 2018

15. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.



FAAIZ RAHIM KHAN
Chief Executive

Place: Lahore.
Date: October 05, 2018

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

	2018 Rupees	2017 Rupees	2016 Rupees	2015 Rupees	2014 Rupees	2013 Rupees
Capital & Liabilities						
Share Capital & Reserves						
Authorised Capital						
5,000,000 Ordinary Shares of Rs. 10 each	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Issued, Subscribed and Paidup capital						
4,000,000 ordinary shares of Rs. 10 each fully paid in cash	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000
Surplus on Revaluation of Property, Plant and Equipment	58,406,653	62,197,470	66,211,071	34,017,751	36,830,425	39,955,618
Revenue reserves	(3,177,291)	(10,906,072)	(17,471,406)	(15,947,685)	(18,146,479)	(24,866,686)
	95,229,362	91,291,398	88,739,665	58,070,066	58,683,946	55,088,932
Loan from director	24,378,943	24,378,943	26,378,943	27,878,943	32,378,943	40,378,943
NON-CURRENT LIABILITIES						
Deferred liabilities	23,605,125	24,005,221	24,990,637	18,349,148	17,549,305	20,108,480
	23,605,125	24,005,221	24,990,637	18,349,148	17,549,305	20,108,480
CURRENT LIABILITIES						
Trade and other payables	20,562,945	21,186,342	9,532,861	12,535,271	13,155,462	7,996,221
Current maturity of long term liabilities	-	-	-	-	244,724	695,838
Provision for taxation	4,155,430	3,797,585	2,860,351	1,381,027	1,327,624	946,548
	24,718,375	24,983,927	12,393,212	13,916,298	14,727,810	9,638,607
	167,931,805	164,659,489	152,502,457	118,214,456	123,340,004	125,214,962
NON CURRENT ASSETS						
Property, plant & equipment	75,660,922	83,023,316	87,581,255	59,300,218	64,435,279	70,853,899
CURRENT ASSETS						
Stores, spares & loose tools	3,893,053	4,122,022	2,921,558	3,167,979	2,759,544	5,510,576
Stocks in trade	30,032,857	30,224,786	13,715,779	17,256,540	19,485,429	12,935,552
Trade debts	40,243,065	34,120,028	30,819,081	27,145,995	18,387,392	22,139,643
Loans, advances, deposits and prepayments, tax refund	6,674,227	6,245,923	6,381,101	5,074,956	6,368,593	8,220,527
Trade deposits and short term prepayments	2,302,774	1,840,030	2,594,738	2,704,031	4,296,586	2,943,127
Cash & bank balances	8,659,348	4,617,825	8,023,386	3,564,737	7,141,622	2,611,638
	92,270,883	81,636,173	64,921,202	58,914,238	58,904,725	54,361,063
	167,931,805	164,659,489	152,502,457	118,214,456	123,340,004	125,214,962

PROFIT AND LOSS ACCOUNT

	2018	2017	2016	2015	2014	2013
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Turnover	130,597,599	122,375,954	83,232,427	71,368,446	66,028,119	55,841,057
Cost of sales	103,292,839	95,118,324	61,565,184	60,186,814	54,850,083	60,311,639
Gross profit	27,304,760	27,257,630	21,667,243	11,181,632	11,178,037	(4,470,582)
Operating Expenses						
Administrative & general expenses	13,287,148	12,527,194	9,414,221	6,078,428	6,200,118	5,402,443
Selling & distribution expenses	7,130,654	9,001,486	11,273,471	3,304,277	3,628,250	3,543,116
	20,417,802	21,528,680	20,687,692	9,382,705	9,828,368	8,945,559
Operating profit/ (loss)	6,886,958	5,728,950	979,551	1,798,927	1,349,668	(13,416,141)
Finance cost	907,381	740,809	852,870	722,622	597,684	632,281
Other income	897,764	77,770	3,937,610	81,050	276,481	581,047
Profit / (loss) before taxation	6,877,341	5,065,911	4,064,291	1,157,356	1,028,465	(14,048,422)
Taxation	3,024,329	2,728,309	8,654,350	1,879,412	(2,479,644)	1,908,425
Profit/(loss) for the year after taxation	3,853,012	2,337,601	(4,590,059)	(722,057)	3,508,109	(15,375,800)
Unappropriated profit/(loss) brought forward	(10,906,072)	(17,471,406)	(15,947,685)	(18,146,479)	(24,866,686)	(15,093,664)
	(7,053,060)	(15,133,805)	(20,537,744)	(18,868,536)	(21,358,577)	(30,469,464)
Total comprehensive income/(loss) for the year	84,952	214,132	2,137,157	108,177	(80,896)	-
Transfer from surplus on revaluation of fixed assets	3,790,817	4,013,601	929,181	2,812,674	3,292,994	5,602,778
Accumulated losses transferred to balance sheet	(3,177,291)	(10,906,072)	(17,471,406)	(15,947,685)	(18,146,479)	(24,866,686)

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF DATA AGRO LIMITED
REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Data Agro Limited** for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulation is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the 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 are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

Date: 05 October, 2018
Place: Lahore

RAFAQAT MANSHA MOHSIN DOSSANI MASOOM & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: Muhammad Mansha, FCA

**INDEPENDENT AUDITOR'S REPORT
To the members of Data Agro Limited
Report on the Audit of the Financial Statements**

Opinion

We have audited the annexed financial statements of DATAAGRO LIMITED (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss, and statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information, 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 purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2018 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

Key audit matter	How the matter was addressed in our audit
<p>Change in accounting policy as a result of changes in the Companies Act 2017</p> <p>As referred to the note 3 to the accompanying financial statements, the Companies Act 2017 (the Act) became applicable for the first time for the preparation of Company's annual financial statements for the year ended 30 June 2018 due to which the Company has changed its accounting policy to account for surplus on revaluation of fixed assets (refer note 3.2) with retrospective effect. Previously, surplus on revaluation was presented in the financial statements below the equity and changes in surplus was taken directly to equity. Due to change in accounting policy, surplus on revaluation will be part of the equity and revaluation changes will be taken through other comprehensive income.</p> <p>We have considered the above as a Key Audit Matter due to the significant amount of surplus on revaluation of fixed assets, the complexity involved in the calculations for retrospective application and compliance with the disclosure requirements of IAS 8 – Accounting Policies and Changes in Accounting Estimates and Errors.</p>	<p>Our audit procedures included the following:</p> <p>Obtained workings for retrospective accounting of surplus on revaluation of fixed assets;</p> <p>Re-performed the calculations based on the working and valuation reports of the respective years.</p> <p>Reviewed that values of fixed assets, surplus on revaluation of fixed assets and gain / loss on assets disposed-off have been properly restated in the financial statements; and</p> <p>Assessed if the change in accounting policy has been properly disclosed by the management in the financial statements of the Company in accordance with IAS-8.</p>
<p>Revenue Recognition</p> <p>The Company's sales comprise of revenue from the sale of hybrid corn seed, fuzzy & cotton seed, vegetable seed, okra seed, wheat seed, sorghum sudan grass (S.S.G), paddy, micronutrient, lint and vanda has been disclosed in note 19.1.1 to the financial statements.</p> <p>Revenue from the sale is recognized, when significant risks and rewards of ownership are transferred to the customer (note 3.10).</p> <p>We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not have been recognized based on transfer of risk and rewards to the customers in line with the accounting policy adopted and may not have been recognized in the appropriate period.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> · obtaining an understanding of and assessing the design and implementation and operating effectiveness of controls around recognition of revenue ; · assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards; · checked on sample basis the recorded sales transactions based on underlying supporting documents; and · tested timeliness of revenue recognition by comparing individual sales transactions before and after the year end to underlying supporting documents.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance opinion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Mansha.

STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES

	Note	2018 Rupees	2017 Rupees (Restated)	2016 Rupees (Restated)
SHARE CAPITAL AND RESERVES				
Share capital	5	40,000,000	40,000,000	40,000,000
Surplus On Revaluation of Property Plant and Equipment	6	58,406,653	62,197,470	66,211,071
Revenue reserves		(3,177,291)	(10,906,072)	(17,471,406)
		95,229,362	91,291,398	88,739,665
Loan from director	7	24,378,943	24,378,943	26,378,943
NON - CURRENT LIABILITIES				
Deferred liabilities	8	23,605,125	24,005,221	24,990,637
		23,605,125	24,005,221	24,990,637
CURRENT LIABILITIES				
Trade and other payables	9	20,562,945	21,186,342	9,532,861
Provision for taxation	10	4,155,430	3,797,585	2,860,351
		24,718,375	24,983,927	12,393,212
CONTINGENCIES AND COMMITMENTS				
	11	-	-	-
TOTAL EQUITY AND LIABILITIES		167,931,805	164,659,489	152,502,457

The annexed notes from 1 to 35 form an integral part of these financial statements.



(FAAIZ RAHIM KHAN)
Chief Executive



(ASIF RAHIM KHAN)
Director




(MUHAMMAD AZAM)
Chief Financial Officer

AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees (Restated)	2016 Rupees (Restated)
ASSETS				
NON - CURRENT ASSETS				
Property, plant and equipment	12	75,660,922	83,023,316	87,581,255
CURRENT ASSETS				
Stores, spare parts and loose tools	13	3,893,053	4,122,022	2,921,558
Stock in trade	14	30,032,857	30,224,786	13,715,779
Trade debts - unsecured	15	40,243,065	34,120,028	30,819,081
Loans and advances - unsecured	16	6,674,227	6,245,923	6,381,101
Trade deposits and short term prepayments	17	2,302,774	1,840,030	2,594,738
Tax refunds due from the Government		465,559	465,559	465,559
Cash and bank balances	18	8,659,348	4,617,825	8,023,386
		92,270,883	81,636,173	64,921,202
TOTAL ASSETS		167,931,805	164,659,489	152,502,457

The annexed notes from 1 to 35 form an integral part of these financial statements.



(FAAIZ RAHIM KHAN)
Chief Executive



(ASIF RAHIM KHAN)
Director




(MUHAMMAD AZAM)
Chief Financial Officer

**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018 Rupees	2017 Rupees (Restated)
Turnover	19	130,597,599	122,375,954
Cost of sales	20	103,292,839	95,118,324
Gross profit		27,304,760	27,257,630
Administrative expenses	21	13,287,148	12,527,194
Distribution cost	22	7,130,654	9,001,486
		20,417,802	21,528,680
Operating profit / (loss)		6,886,958	5,728,950
Finance and other cost	23	907,381	740,809
		5,979,577	4,988,141
Other income	24	897,764	77,770
Profit before taxation		6,877,341	5,065,911
Taxation	25	3,024,329	2,728,309
Profit after taxation		3,853,012	2,337,601
Earning per share-Basic and diluted		0.96	0.58

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

The annexed notes from 1 to 35 form an integral part of these financial statements.



(FAAIZ RAHIM KHAN)
Chief Executive



(ASIF RAHIM KHAN)
Director



(MUHAMMAD AZAM)
Chief Financial Officer

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018 Rupees	2017 Rupees (Restated)
PROFIT AFTER TAXATION		3,853,012	2,337,601
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss:		-	-
Items that will not be subsequently reclassified to profit or loss:		-	-
Remeasurement of retirement benefit		84,952	214,132
Total comprehensive Income for the year		<u>3,937,964</u>	<u>2,551,733</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.



(FAAIZ RAHIM KHAN)
Chief Executive



(ASIF RAHIM KHAN)
Director



(MUHAMMAD AZAM)
Chief Financial Officer

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2018**

	2018 Rupees	2017 Rupees (Restated)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	6,877,341	5,065,911
Adjustments for:		
Depreciation	7,594,664	8,060,433
Financial charges	253,806	205,876
Gain on disposal	(372,970)	-
Provision for workers profit participation fund	376,546	250,792
Provision for workers welfare fund	277,029	284,141
Provision for gratuity	1,438,132	1,127,781
Operating Profit/(loss) before working capital changes	16,444,548	14,994,933
Working capital changes		
(Increase) / decrease in current assets		
Stores, spares and loose tools	228,969	(1,200,464)
Stock in trade	191,929	(16,509,007)
Trade debts	(6,123,036)	(3,300,947)
Loan and advances	(292,871)	83,661
Trade deposits and short term prepayments	(462,744)	754,708
Increase /(decrease) in current liabilities	(6,457,753)	(20,172,049)
Trade and other payables	(1,276,972)	12,420,773
Cash generated from/(utilized in) operations	8,709,823	7,243,657
Financial Charges Paid	(253,806)	(205,876)
Workers welfare fund paid	-	(195,334)
Workers profit participation fund paid	-	(1,106,891)
Gratuity paid	-	(243,980)
Income Tax paid	(4,555,195)	(3,394,644)
	(4,809,000)	(5,146,725)
Net cash flow from/(utilized in) operating activities	A 3,900,823	2,096,933
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Capital expenditure	(259,300)	(3,502,494)
Proceed from sale of fixed asset	400,000	-
Net cash flow from/(utilized in) investing activities	B 140,700	(3,502,494)
CASH FLOW FROM FINANCING ACTIVITIES		
Loan from Director	-	(2,000,000)
Net cash flow from/(utilized in) financing activities	C -	(2,000,000)
Net increase / (decrease) in cash and cash equivalents	A+B+C 4,041,523	(3,405,561)
Cash and cash equivalents at the beginning of the year	4,617,825	8,023,386
Cash and cash equivalents at the end of the year	8,659,348	4,617,825
Cash & cash equivalents are		
Cash in hand	516,359	296,016
Cash at bank	8,142,989	4,321,809
	8,659,348	4,617,825

The annexed notes from 1 to 35 form an integral part of these financial statements.


(FAAIZ RAHIM KHAN)
Chief Executive


(ASIF RAHIM KHAN)
Director


(MUHAMMAD AZAM)
Chief Financial Officer

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018**

Share Capital	Capital Reserve	Revenue Reserve	Total
	Surplus on revaluation of property, plant and equipment	Accumulated profit/ loss	

.....Rupees.....

Balance as at July 01,2016 as previously reported	40,000,000	-	(17,471,406)	22,528,594
Effect of change in accounting policy (net of deferred tax)(note: 3.1)		66,211,071		66,211,071
Total Comprehensive Income for the year from July 01, 2016 to June 30, 2017 - restated	-		2,551,733	2,551,733
Surplus on derecognition on revaluation of fixed assets		-	-	-
Transferred from surplus on revaluation to unappropriated profit/(loss) due to incremental depreciation-net of deferred tax	-	(4,013,601)	4,013,601	
Surplus related to deferred tax:				
Prior			-	-
Current			-	-
Balance as at July 01, 2017-Restated	40,000,000	62,197,470	(10,906,072)	91,291,398
Total Comprehensive Income for the year from July 01, 2017 to June 30, 2018			3,937,964	3,937,964
Surplus on derecognition on revaluation of fixed assets			-	
Transferred from surplus on revaluation to unappropriated profit/(loss) due to incremental depreciation-Net of deferred tax		(3,790,817)	3,790,817	-
Surplus related to deferred tax:				
Prior				
Current				
Balance as at June 30, 2018	40,000,000	58,406,653	(3,177,291)	95,229,362

The annexed notes from 1 to 35 form an integral part of these financial statements.


(FAAIZ RAHIM KHAN)
Chief Executive


(ASIF RAHIM KHAN)
Director


(MUHAMMAD AZAM)
Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2018

1. STATUS AND NATURE OF BUSINESS

The company was initially incorporated as a private limited company in Pakistan under the repealed Companies Ordinance, 1984 (Repealed with the enactment of Companies Act, 2017 on May 30, 2017) 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 135-Scotch Corner, Upper Mall, Lahore, Punjab, Pakistan and principal place of business is at 8-Km Khanewal road, Kabirwala.

1.1 Summary of significant events and transactions in the current reporting period

The Company's financial position and performance was particularly affected by the following events and transactions during the reporting period:

- a) The accounting policies for surplus on revaluation of land, building on freehold land, and plant and machinery changed during the year. As detailed in note 3.2 to these financial statements.
- b) Due to the first time application of financial reporting requirements under the Companies Act, 2017, including disclosures and presentation requirements of the fourth schedule of the Companies Act, 2017, some of the amounts reported for the previous period have been reclassified.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Standards, interpretation and amendment adopted during the year

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

2.2.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2018

The following standards, amendments and interpretations are effective for the year ended June 30, 2018. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

<p>Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative</p> <p>Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses</p> <p>Certain annual improvements have also been made to a number of IFRSs.</p>	<p>Effective from accounting period beginning on or after January 01, 2017</p> <p>Effective from accounting period beginning on or after January 01, 2017</p>
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The Companies Act, 2017 (the Act) has also brought certain changes with regard to preparation and presentation of annual and interim financial statements of the Company. These changes also include change in respect of recognition criteria of surplus on revaluation of fixed assets as more fully explained in note 3.1, change in nomenclature of primary statements, etc.

Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements; and
- incorporation of significant additional disclosures.

2.2.2 New accounting standards, amendments to published standards and interpretations that are not yet effective.

<p>Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions</p> <p>IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.</p>	<p>Effective from accounting period beginning on or after January 01, 2018</p> <p>An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after 1 January 2018.</p> <p>Effective from accounting period beginning on or after July 01, 2018</p> <p>Effective from accounting period beginning on or after January 01, 2019</p>
<p>IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.</p> <p>Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.</p> <p>IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.</p> <p>Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.</p> <p>Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.</p> <p>Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property</p> <p>IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset /deferred income is denominated in foreign currency.</p> <p>IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.</p>	<p>Effective from accounting period beginning on or after July 01, 2018</p> <p>Effective from accounting period beginning on or after January 01, 2019.</p> <p>Effective from accounting period beginning on or after January 01, 2019</p> <p>January 01, 2018. Earlier application is permitted.</p> <p>January 01, 2018. Earlier application is permitted.</p> <p>January 01, 2019. Earlier application is permitted.</p>

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

2.3 Basis of preparation

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.

2.4 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.

2.5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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.

3 THE PRINCIPAL ACCOUNTING POLICIES ADOPTED ARE SET OUT AS BELOW

3.1 Property, plant and equipment

Property, plant and equipment except freehold land, building on freehold land, plant and machinery, and capital work in progress are stated at cost less accumulated depreciation and impairment, if any.

Revaluation

Freehold land, building on freehold land and plant and machinery, are stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity so that the fair value and carrying value do not differ materially at the balance sheet date. Increases in the carrying amounts arising on revaluation of land, buildings and plant and machinery are recognised, net of tax, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognised in the statement of profit or loss, the increase is first recognised in the statement of profit or loss. Decrease that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from revaluation surplus on property, plant and equipment to unappropriated profit. Depreciation is charged to income applying reducing balance method to write-off the cost over the estimated remaining useful life of assets. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Rates of depreciation are stated in note 11. In respect of additions and disposals during the year, depreciation is charged from the month of acquisition and up to the month preceding the disposal respectively.

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 Change in accounting policy

During the year, the Company changed its accounting policy in respect of the accounting and presentation of revaluation surplus on property plant, and equipment. Previously, the company's accounting policy was in accordance with the provision of section 235 of repealed companies ordinance, 1984. The revaluation surplus on property plant and equipment was shown as a separate item below equity, in accordance with the presentation requirement of the repealed companies ordinance, 1984.

The companies Act, 2017 has not retained the above mentioned specific accounting and presentation requirements of revaluation surplus on property plant and equipment.

Those provisions and resultant previous policy of the Company regarding IAS 16 Property, Plant and Equipment was not in alignment with the accounting treatment and presentation of revaluation surplus as prescribed in International Financial Reporting Standards (IFRS Standards) issued by the international Accounting Standard Board (IASB) and notified under the Companies Act, 2017.

The change in accounting policy had no impact on accumulated surplus and net assets, as at June 30, 2018. The presentation of surplus on revaluation on property plant and equipment has been changed. Any revaluation increase arising on the revaluation of freehold land, building on free hold land and plant and machinery is recognized in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property plant and equipment" in the statement of financial position and statement of changes in equity as a capital reserve as part of net assets. The new accounting policy is explained under note 3.1, above. The resulted impact of change in accounting policy is further explained below:

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

3.3 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.

3.4 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

3.5 STOCKS, 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.

3.6 LOANS AND ADVANCES

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

3.7 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.

3.8 STAFF RETIREMENT BENEFITS

Defined benefit plan

The Company operates an unfunded gratuity scheme for all of 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 arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the year in which they arise. Past service costs are recognized immediately in the profit and loss account.

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

	2018	2017
Discount rate	9%	7.25%
Expected rate of increase in salaries	8.00%	6.25%
Expected mortality rate	SLIC (2001-2005) 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 August 30, 2018 by Nauman Associates based on the "projected unit credit method"

3.9 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.

3.10 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.

3.11 EXPENSE RECOGNITION

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

3.12 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.

3.13 BORROWINGS COST

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

3.14 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.

3.15 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.

3.16 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 the 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.

3.17 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.

3.18 TAXATION

CURRENT

Provision for current taxation is based on taxable income at the current tax rates after taking into account tax credits, assumptions and rebates available, if any or on turnover at the specified rates or Alternate Corporate Tax Act as defined in section 113C of the Income Tax Ordinance, 2001, whichever is higher. The charge for current tax also includes adjustments, where necessary, relating to prior years which arise due to assessments framed / finalized during the year.

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 asset 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 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.

3.19 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.

3.20 RESEARCH AND DEVELOPMENT COST

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

3.21 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.

3.22 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.- CORRECTION OF PRIOR PERIOD ERROR NOTE

During the year, the Company discovered that the other payable figure was overstated in 2017. As a consequence, employees retirement benefits, loans and advances and deferred tax income were overstated while provision for Workers Profit Participation fund and deferred tax liability was understated.

The correction of the error is accounted for retrospectively, and the comparative information for 2017 has been restated as per IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The error has been corrected by restating each of the affected financial statement line items for the prior periods, as follows:

Effect on statement of financial position

	As reported previously- June 30, 2017	Impact of errorRupees.....	Restated as at July 01, 2017
Employees retirement benefits - gratuity (Benefits payable)	378,467	(228,132)	150,335
Trade & Other payables (Provision for WPPF)	238,253	12,539	250,792
Loans and advances (Other advances)	2,428,833	(764,460)	1,664,373
Deferred liabilities-(Deferred tax-net)	17,335,228	66,834	17,402,062
Trade and Other payable (Other payable)	1,238,445	(548,867)	689,578

Effect on statement of profit or loss

	As reported previously- June 30, 2017	Profit Increase/ (Decrease)Rupees.....	Restated 2017
Profit before Tax	5,065,911	-	5,065,911
Taxation:			
Current tax	4,383,395	-	4,383,395
Deferred tax	(1,721,919)	(66,834)	(1,655,085)
	<u>2,404,435</u>	<u>(66,834)</u>	<u>2,337,601</u>

Effect on statement of changes in equity

	As reported previously- June 30, 2017	Increase/ (Decrease)Rupees.....	Restated 2017
	Revenue Reserve	Revenue Reserve	Revenue Reserve
Balance as at June 30, 2016	(17,471,406)	-	(17,471,406)
Total comprehensive income for the year	2,618,568	(66,835)	2,551,733
	<u>(14,852,838)</u>	<u>(66,835)</u>	<u>(14,919,673)</u>

Effect on statement of cash flows

	As reported previously- June 30, 2017	Increase/ (Decrease)Rupees.....	Restated 2017
Finance cost and Other	740,809	(534,933)	205,876
Provision for Workers Welfare fund	-	284,141	284,141
Provision for Workers Profit Participation fund	-	250,792	250,792
Loans and advances	(629,282)	712,943	83,661
Trade and other payables	12,189,809	230,964	12,420,773
Finance cost and other cost paid	(512,677)	306,801	(205,876)
Workers welfare fund paid	-	(195,334)	(195,334)
Workers Profit Participation paid	-	(1,106,891)	(1,106,891)
Income tax paid	(3,446,161)	51,517	(3,394,644)
	8,342,498	-	8,342,498

5-	SHARE CAPITAL	2018	2017
	Authorized	Rupees	Rupees
	5,000,000 (2017: 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 (2017: 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	<u>394,900</u>	<u>394,900</u>
	Percentage of equity held 9.87% (2017: 9.87%)		
5.1-	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.		
5.2-	There is no movement in share capital during the year		
6-	SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT - Net of tax	Rupees	Rupees
	Gross surplus	62,197,470	66,211,071
	Opening balance	-	-
	Derecognition of surplus on disposal of Fixed Assets (portion of land & Building)	-	-
	Add: Surplus arising due to revaluation of Property, plant and equipment		
	Land	-	-
	Building	-	-
	Machinery	-	-
		-	-
	Transfer to unappropriated profit in respect of incremental depreciation charged during the current year	5,415,453	5,816,813
	Deffered tax related to incremental depreciation	<u>(1,624,636)</u>	<u>(1,803,212)</u>
		<u>3,790,817</u>	<u>4,013,601</u>
		<u>58,406,653</u>	<u>62,197,470</u>
6.1-	The revaluation surplus on property, plant and equipment is a capital reserve, and is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.		
6.2-	The effect of change in accounting policy is summarised below		
	As previously Reported	2017 As restated	Restatement
	Effect on statement of financial position		
	62,197,470	-	(62,197,470)
	-	62,197,470	62,197,470
	Effect on statement of financial position		
	66,211,071	-	(66,211,071)
	-	66,211,071	66,211,071
	There was no cash flow impact as a result of retrospective application of change in accounting policy		
7-	LOAN FROM DIRECTOR	2018	2017
	Unsecured- from related party	Rupees	Rupees
	Opening balance	24,378,943	26,378,943
	Less: Payments made during the year	-	<u>(2,000,000)</u>
	Closing balance	<u>24,378,943</u>	<u>24,378,943</u>

This represents the interest free loan given by ex-director. According to revised agreement loan shall be paid within next 12 months However the payment is subject to availability of funds and position of working capital of the company. This is not measured at amortized cost as per IAS 39. Rather, this is recorded as equity at face value in accordance with the guidelines provided through TR 32- Accounting Directors loan issued by the Institute of Chartered Accountants of Pakistan.

8- DEFERRED LIABILITIES	Note	2018 Rupees	2017 Rupees (Restated)
Deferred tax - net	8.1	15,648,786	17,402,062
Employees retirement benefits - gratuity	8.2	7,956,339	6,603,159
		23,605,125	24,005,221
8.1- DEFERRED TAX - NET			
Deferred tax liabilities/(assets) arising due to;			
Accelerated tax depreciation		547,923	139,914
Provision for profit participation fund		(862,386)	(774,403)
Provision for workers fund		(184,234)	(104,496)
Provision for gratuity		(2,386,901)	(2,046,979)
Provision for doubtful debts		(103,262)	(511,190)
		<u>(2,988,860)</u>	<u>(3,297,154)</u>
Surplus on revaluation of property plant and equipment		19,196,846	20,889,788
Effect of reduction in tax rates		(559,200)	(190,571)
		15,648,786	17,402,062
8.2- Employees Retirement benefits (gratuity unfunded)			
Present value of defined benefits obligations	8.2.1	7,806,004	6,452,824
Benefits payable		150,335	150,335
		7,956,339	6,603,159
8.2.1-Movement in present value of defined benefits obligations			
Present value of defined benefits obligation at the beginning of the year		6,452,824	5,783,155
Current service cost for the year		938,038	717,347
Interest cost for the year		500,094	410,434
Benefits due but not paid (payables)		-	-
Benefits paid during the year		-	(243,980)
Gains and losses arising on planned settlements remeasurements		-	-
Actuarial (gains)/losses from changes in demographic assumptions		-	-
Actuarial (gains)/losses from changes in financial assumptions		15,195	5,026
Experience adjustments		(100,147)	(219,158)
Present value of defined benefits obligation at the closing of the year		7,806,004	6,452,824
8.2.2-Expenses recognized in statement of profit and loss account			
Current service cost		938,038	717,347
interest cost on defined benefit obligation		500,094	410,434
		1,438,132	1,127,781
8.2.3-Total remeasurements chargeable in other comprehensive income			
Remeasurements of plan obligations:			
Actuarial (gains)/losses from changes in demographic assumptions		-	-
Actuarial (gains)/losses from changes in financial assumptions		15,195	5,026
Experience adjustments		(100,147)	(219,158)
		(84,952)	(214,132)
8.2.4-Changes in Net Liability			
Balance Sheet liability/(asset)		6,603,159	5,933,490
Expense chargeable to P&L		1,438,132	1,127,781
Remeasurement chargeable in other comprehensive income		(84,952)	(214,132)
Benefits paid		-	(243,980)
Benefits payable transferred to short term liability		-	-
		7,956,339	6,603,159

8.3- Apportionment of staff retirement benefits

The expenses recognized in the income statement under following heads:

Cost of good sold	584,805	496,224
Administrative expenses	613,520	451,112
Distribution cost	239,807	180,445
	1,438,132	1,127,781

8.4- General description

The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charge is made by the management on the basis of actuarial valuation, carried on using Projected Unit Credit Method, however no independent actuary was appointed by the company.

8.5- Principal actuarial assumptions

Following are a few important actuarial assumption used in the valuation.

	2018	2017
Discount rate	9%	7.75%
Expected rate of increase in salary	8%	6.75%

8.6- Sensitivity analysis of actuarial assumption

The calculation of defined benefit obligation is sensitive to assumption given above. The below information summarizes how the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of change in respective assumption by 100 basis point.

	Increase in Assumption	Decrease in Assumption
Discount rate	37,828	(514,931)
Expected rate of change in future salaries	(524,873)	51,582

8.7- Expected gratuity expense for the year ending June 30, 2019 works out to Rs. 1,463,696.

8.8- The weighted average duration of defined benefit obligation is three years.

9- TRADE AND OTHER PAYABLES

	2018 Rupees	2017 Rupees (Restated)
Creditors	7,531,032	8,794,283
Accrued liabilities	4,071,283	2,547,493
Advances from customers	4,882,049	6,273,914
Workers' Welfare Fund	614,113	337,084
Worker's Profit Participation Fund	2,874,620	2,498,074
Tax deducted at source	46,008	45,916
Others	543,840	689,578
	20,562,945	21,186,342

9.1- Workers Welfare Fund

Balance as at beginning	337,084	248,277
Contribution for the year	277,029	284,141
	614,113	532,418
Payment made during the year	-	(195,334)
	614,113	337,084

9.2- Workers Profit Participation Fund

Balance as at beginning	2,498,074	3,354,173
Contribution for the year	376,546	250,792
	2,874,620	3,604,965
Payment made during the year	-	(1,106,891)
	2,874,620	2,498,074

10. PROVISION FOR TAXATION

Note

	2018 Rupees	2017 Rupees
Opening balance	3,797,585	2,860,351
Prior year adjustment	622,176	-
Add: Provision for the year	4,155,430	4,383,395
	<u>8,575,191</u>	<u>7,243,746</u>
Less: Paid/adjusted against completed assessments	<u>(4,419,761)</u>	<u>(3,446,161)</u>
	4,155,430	3,797,585

- 10.1- This represents tax chargeable under Normal tax regime. Tax expenses represents higher of corporate tax @ 30%, alternate corporate tax @ 17% of accounting profit and minimum tax @ 1.25% . The company is recognising provision for taxation @ 30% of its taxable profit as alternative corporate tax is lower than corporate tax.

11- CONTINGENCIES AND COMMITMENTS

contingencies and commitments as at year end are Nil (2017:Nil)

12- PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets-Owned

12.1

	75,660,922	83,023,316
	75,660,922	83,023,316

12.1-

Rupees

	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
Year ended July 01, 2016												
Opening net book value	9,548,000	21,434,687	54,529,347	92,354	110,626	50,340	261,093	138,152	1,416,655	87,581,255	-	87,581,255
Additions	-	2,131,094	260,000	136,000	22,500	45,000	30,900	-	877,000	3,502,494	-	3,502,494
Deletions	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charged for the year	-	2,178,987	5,470,268	12,635	11,625	19,068	27,654	27,630	312,564	8,060,433	-	8,060,433
Closing net book value	9,548,000	21,386,794	49,319,079	215,719	121,501	76,272	264,338	110,522	1,981,091	83,023,316	-	83,023,316
At Jun. 30, 2017												
Cost	9,548,000	53,399,534	160,349,021	289,039	668,748	183,750	1,113,223	7,669,000	6,327,788	239,548,103	-	239,548,103
Accumulated depreciation	-	32,012,740	111,029,942	73,320	547,247	107,478	848,885	7,558,478	4,346,697	156,524,787	-	156,524,787
Net book value	9,548,000	21,386,794	49,319,079	215,719	121,501	76,272	264,338	110,522	1,981,091	83,023,316	-	83,023,316
Year ended July 01, 2017												
Opening net book value	9,548,000	21,386,794	49,319,079	215,719	121,501	76,272	264,338	110,522	1,981,091	83,023,316	-	83,023,316
Additions	-	-	-	-	99,300	-	-	-	160,000	259,300	-	259,300
Deletions	-	-	-	-	-	-	-	-	27,030	27,030	-	27,030
Surplus on revaluation of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charged for the year	-	2,138,679	4,931,908	21,572	16,908	15,254	26,434	22,104	421,804	7,594,664	-	7,594,664
Closing net book value	9,548,000	19,248,115	44,387,171	194,147	203,893	61,017	237,905	88,418	1,692,257	75,660,922	-	75,660,922
At Jun. 30, 2018												
Cost	9,548,000	53,399,534	160,349,021	289,039	768,048	183,750	1,113,223	7,669,000	5,897,788	239,217,403	-	239,217,403
Accumulated depreciation	-	34,151,420	115,961,850	94,892	564,155	122,733	875,318	7,580,582	4,205,531	163,556,481	-	163,556,481
Net book value	9,548,000	19,248,115	44,387,171	194,147	203,893	61,017	237,905	88,418	1,692,257	75,660,922	-	75,660,922

Particular of Disposal of operating fixed assets during the year are as follows:

Particulars	Cost	Accumulated Depreciation	Net Book Value	Sale proceeds	Gain/(Loss) on disposal	Particulars of purchaser	Mode of disposal	Relationship with purchaser
	Rupees							
Motor Vehicle-Cultus LZH 5455	590,000	557,564	27,030	400,000	372,970	Amir Hussain	Negotiation	None
	590,000	557,564	27,030	400,000	372,970			

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
Plant and machinery	10	Office equipment
Electrical Equipment	10	Harvesting equipment
Furniture and fittings	10	Agricultural equipment
		20
		10
		20
		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 30-06-2018			Carrying Value as at 30-06-2017		
	Inclusive of surplus	Surplus	Exclusive of surplus	Inclusive of surplus	Surplus	Exclusive of surplus
Land freehold	9,548,000	8,042,943	1,505,057	9,548,000	8,042,943	1,505,057
Building on freehold land	19,248,115	17,456,907	1,791,208	21,434,687	17,456,907	3,977,780
Plant and machinery	44,387,171	32,906,803	11,480,368	54,529,347	36,697,620	17,831,727
	73,183,286	58,406,653	14,776,632	85,512,034	62,197,470	23,314,564

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 Accountant, 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 Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants and revaluation surplus was determined at Rs. 46,026,266/- on that date and third revaluation was made on June 25, 2012 of aforesaid assets by the independent valuer M/s. Mughal Associates and revaluation surplus was determined at Rs. 32,312,096/- Fourth revaluation was performed on April 08, 2016 of aforesaid assets by independent valuer M/s.Mughal associates and revalued surplus was determined at Rs.35,353,045/- .

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 freehold land	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 forced sale value of the revalued property, plant and machinery has been assessed at Rs. 77.47 million.

	2018 Rupees	2017 Rupees
12.3- The depreciation for the year has been allocated as follows:		
Cost of goods sold	7,070,587	7,649,255
Administrative expenses	524,077	411,178
	<u>7,594,664</u>	<u>8,060,433</u>
Total Depreciation		
-Normal Depreciation		
-Owned assets	1,458,366	1,509,308
-Leased assets	-	-
-Incremental Depreciation	6,136,298	6,551,124
	<u>7,594,664</u>	<u>8,060,433</u>

13. STORES, SPARES PARTS AND LOOSE TOOLS

Stores and spares parts	13.1	3,675,317	3,904,286
Loose tools		217,736	217,736
		<u>3,893,053</u>	<u>4,122,022</u>

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

14. STOCK IN TRADE

Raw material	17,546,467	24,470,765
Finished goods	12,486,390	5,754,021
	<u>30,032,857</u>	<u>30,224,786</u>

15. TRADE DEBTS -UNSECURED

Considered good	40,243,065	34,120,028
Considered doubtful	344,208	1,649,000
	<u>40,587,273</u>	<u>35,769,028</u>
Less: Provision for doubtful debts	344,208	1,649,000
	<u>40,243,065</u>	<u>34,120,028</u>

Opening Provision	1,649,000	650,578
Add: provision made during the year	344,208	1,649,000
Less: Bad Debts Written off	(1,649,000)	650,578
Balance at the year end	<u>344,208</u>	<u>1,649,000</u>

16. LOAN AND ADVANCES-Unsecured

		2018 Rupees	2017 Rupees (Restated)
Advances to executive staff:			
- Considered good	16.1	1,878,776	2,023,531
Advances to other employees: unsecured			
Advance against Salary		650,350	233,450
Advance against expenses	16.2	1,281,088	1,693,561
- Considered good		-	-
Advances to suppliers:			
Considered good		1,064,206	631,008
Other advances			
Advance income tax	16.3	1,799,807	1,664,373
		<u>6,674,227</u>	<u>6,245,923</u>

	Note	2018 Rupees	2017 Rupees
16.1 MOVEMENT OF ADVANCES TO EXECUTIVE STAFF			
Opening balance		2,023,531	1,541,821
Advance during the year		456,420	641,710
		<u>2,479,951</u>	<u>2,183,531</u>
Received/transferred during the year		(601,175)	(160,000)
Closing balance		<u>1,878,776</u>	<u>2,023,531</u>
These represents advance to executive staff for day to day operation of business basis. the maximum aggregate amount due from executive staff at the end of any month during the year was 2,373,531/- (2017: Rs. 1,750,322/-).			
16.2			
Advances to employees against expensive are provided to meet business expenses are settled as and when the expenses are incurred.			
16.3 ADVANCE INCOME TAX			
Opening balance		1,664,373	1,715,890
Tax deducted/paid during the year		4,555,195	3,394,644
		<u>6,219,568</u>	<u>5,110,534</u>
Adjustment during the year		(4,419,761)	(3,446,161)
		<u>1,799,807</u>	<u>1,664,373</u>
17. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits with statutory authorities		272,850	122,850
Prepayments	17.1	2,029,924	1,717,180
		<u>2,302,774</u>	<u>1,840,030</u>
17.1- PREPAYMENTS			
Prepaid insurance - Vehicles		102,525	99,314
Prepaid lease charges - Farms / farm expenses		1,927,399	1,617,866
		<u>2,029,924</u>	<u>1,717,180</u>
18. CASH AND BANK BALANCES			
Cash in hand			
-Head office		189,266	85,696
-Factory		327,093	210,320
Cash at bank:		516,359	296,016
-Current accounts		8,142,989	4,321,809
		<u>8,659,348</u>	<u>4,617,825</u>
19. TURNOVER			
Gross Turnover	19.1	151,255,102	134,278,482
Less:			
Trade discounts		(10,762,429)	(3,606,333)
Sale return		(9,895,074)	(8,296,195)
		<u>130,597,599</u>	<u>122,375,954</u>
19.1 Gross Tunover			
Sale of goods	19.1.1	136,945,699	108,362,596
Sale of services (Delinting)	19.1.2	14,309,403	25,915,886
		<u>151,255,102</u>	<u>134,278,482</u>

	Note	2018 Rupees	2017 Rupees
19.1.1 Sale of Goods			
Hybrid corn seed		56,178,187	43,223,463
Fuzzy & Cotton seed		19,022,242	20,251,525
Vegetable seed		2,980,290	1,470,750
Okra seed		1,444,318	1,209,710
Wheat seed		30,071,894	15,270,253
S.S.G		2,164,740	1,708,380
Soyabean		13,787	-
Sale of Paddy		10,207,202	4,919,450
Micronutrient		11,738,935	18,355,390
Sale of lint		1,270,854	250,850
Sale of Vanda		1,853,250	1,702,825
		<u>136,945,699</u>	<u>108,362,596</u>
19.1.2 Delinting			
Seed processing		14,048,753	25,789,606
Cleaning and drying		260,650	126,280
		<u>14,309,403</u>	<u>25,915,886</u>
20. COST OF SALES			
Raw material consumed	20.1	68,630,620	43,668,432
Chemicals, stores and others		4,295,387	4,915,915
Salaries, wages & benefits	20.2	7,019,409	8,545,428
Fuel and powers		4,996,234	5,671,668
Repair and maintenance (Plant & machinery)		1,184,601	1,243,973
Repair and maintenance (Building)		188,865	-
Repair and maintenance (Electrical)		167,882	239,145
Processing expenses		2,850,525	2,333,328
Research and development expenses		6,966,310	6,403,137
Micronutrient expenses		5,289,079	11,248,942
Vehicle repair and maintenance		84,600	73,861
Laboratory expenses		65,470	90,237
Consultancy charges - Generator		-	45,000
Entertainment		214,737	266,343
Telephone charges		159,826	152,976
Germination claims		378,610	73,169
Kappa's Ginning charges		33,752	4,020
Traveling and conveyance		3,750	1,650
Usher		-	84,500
Depreciation	12.3	7,070,587	7,649,255
Miscellaneous charges		424,964	173,506
		110,025,208	92,884,485
Adjustments of finished goods			
- Opening		5,754,021	7,987,860
- Pre-paid expenses		-	-
- Closing		(12,486,390)	(5,754,021)
		(6,732,369)	2,233,839
		<u>103,292,839</u>	<u>95,118,324</u>

20.1 RAW MATERIAL CONSUMED	Note	2018 Rupees	2017 Rupees
Raw material consumed - Fuzzy seed	20.1.1	5,532,199	8,170,136
Raw material consumed - Wheat	20.1.2	24,135,171	12,684,103
Raw material consumed - Hybrid Corn seed	20.1.3	23,684,286	14,078,855
Raw material consumed - Okra seed	20.1.4	1,032,386	479,162
Raw material consumed - Delinted Cotton seed	20.1.5	2,978,184	1,684,293
Raw material consumed - S.S.G seed	20.1.6	1,244,936	1,571,621
Raw material consumed - Soyabean	20.1.7	12,351	132,495
Raw material consumed - Rice / Paddy	20.1.8	7,565,433	2,939,879
Raw material consumed - Peas	20.1.9	1,333,155	225,000
Raw material consumed - Venda	20.1.10	1,027,974	816,091
Raw Material consumed - Sesame	20.1.11	49,845	81,800
Raw Material consumed - Mongbea	20.1.12	34,700	804,997
		<u>68,630,620</u>	<u>43,668,432</u>
 20.1.1 RAW MATERIAL CONSUMED - FUZZY SEED			
Opening stocks - 01-07-2017		-	-
Add: Purchases		5,532,199	8,170,136
Add: Expenses on production - own farms		-	-
		5,532,199	8,170,136
Closing stock 30-06-2018		-	-
Consumed for own farm production		<u>5,532,199</u>	<u>8,170,136</u>
 20.1.2 RAW MATERIAL CONSUMED - WHEAT SEED			
Opening stocks - 01-07-2017		16,433,250	2,072,411
Add: Purchases		18,864,176	25,795,326
Add: Expenses on production - own farms		-	1,249,616
		35,297,426	29,117,353
Closing stock 30-06-2018		(11,162,255)	(16,433,250)
Consumed for own farm production		<u>24,135,171</u>	<u>12,684,103</u>
 20.1.3 RAW MATERIAL CONSUMED - HYBRID CORN			
Opening stocks - 01-07-2017		5,840,560	3,438,716
Add: Purchases		13,653,402	1,777,300
Add: Expenses on production - own farms		8,383,748	14,703,399
		27,877,710	19,919,415
Closing stock 30-06-2018		(4,193,424)	(5,840,560)
Consumed for own farm production		<u>23,684,286</u>	<u>14,078,855</u>
 20.1.4 RAW MATERIAL CONSUMED - OKRA SEED			
Opening stocks -01-07-2017		751,600	27,063
Add: Purchases		602,550	1,130,949
Add: Expenses on production - own farms		279,736	72,750
		1,633,886	1,230,762
Closing stock 30-06-2018		(601,500)	(751,600)
Consumed for own farm production		<u>1,032,386</u>	<u>479,162</u>
 20.1.5 RAW MATERIAL CONSUMED - DELINTED COTTON SEED			
Opening stocks - 01-07-2017		-	-
Add: Purchases		1,358,563	-
Add: Expense on production - own farms		1,619,621	1,684,293
		2,978,184	1,684,293
Closing stock 30-06-2018		-	-
Consumed for own farm production		<u>2,978,184</u>	<u>1,684,293</u>

	2018 Rupees	2017 Rupees
20.1.6 RAW MATERIAL CONSUMED - S.S.G SEED		
Opening stock - 01-07-2017	166,875	119,510
Add: Purchases	1,047,512	1,286,569
Add: Expense on production - own farms	99,999	332,417
	1,314,386	1,738,496
Closing stock 30-06-2018	(69,450)	(166,875)
Consumed for own farm production	<u>1,244,936</u>	<u>1,571,621</u>
20.1.7 RAW MATERIAL CONSUMED - Soyabean		
Opening stock - 01-07-2017	-	65,320
Add: Purchases	-	-
Add: Expense on production - own farms	12,351	67,175
	12,351	132,495
Closing stock 30-06-2018	-	-
Consumed for own farm production	<u>12,351</u>	<u>132,495</u>
20.1.8 RAW MATERIAL CONSUMED - Rice/Paddy		
Opening stock - 01-07-2017	-	-
Add: Purchases	8,057,567	2,751,220
Add: Expense on production - own farms	91,929	188,659
	8,149,496	2,939,879
Closing stock 30-06-2018	(584,063)	-
Consumed for own farm production	<u>7,565,433</u>	<u>2,939,879</u>
20.1.9 RAW MATERIAL CONSUMED - Peas		
Opening stock - 01-07-2017	1,278,480	-
Add: Purchases	990,450	1,503,480
Add: Expense on production - own farms	-	-
	2,268,930	1,503,480
Closing stock 30-06-2018	(935,775)	(1,278,480)
Consumed for own farm production	<u>1,333,155</u>	<u>225,000</u>
20.1.10 RAW MATERIAL CONSUMED - Vanda		
Opening stock - 01-07-2017	-	-
Add: Purchases	-	-
Add: Expense on production - own farms	1,027,974	816,091
	1,027,974	816,091
Closing stock 30-06-2018	-	-
Consumed for own farm production	<u>1,027,974</u>	<u>816,091</u>
20.1.11 RAW MATERIAL CONSUMED - Sesame		
Opening stock - 01-07-2017	-	-
Add: Purchases	44,775	81,800
Add: Expense on production - own farms	5,070	-
	49,845	81,800
Closing stock 30-06-2018	-	-
Consumed for own farm production	<u>49,845</u>	<u>81,800</u>
20.1.12 RAW MATERIAL CONSUMED - Mong Bea		
Opening stock - 01-07-2017	-	-
Add: Purchases	-	798,400
Add: Expense on production - own farms	34,700	6,597
	34,700	804,997
Closing stock 30-06-2018	-	-
Consumed for own farm production	<u>34,700</u>	<u>804,997</u>

20.2 Salaries, wages and benefits include Rs.584,805/- (2017: Rs.496,224 /-) in respect of staff retirement benefits-gratuity (Note # 8.3)

	Note	2018 Rupees	2017 Rupees
21. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	21.1	7,364,088	7,646,878
Printing and stationery		225,591	216,516
Traveling and conveyance		266,815	261,175
Vehicle running and maintenance		258,210	121,167
Rent, rates and taxes		764,482	350,343
Postage and telegram		51,912	44,873
Utilities expenses		1,319,602	1,054,570
Telephone expenses		160,870	133,510
Entertainment		166,871	103,714
Newspaper and periodicals		8,289	5,600
Fee and subscription		399,050	180,920
Legal and professional charges		239,835	232,200
Auditors' remuneration	21.2	427,500	425,000
Canteen expenses		237,250	174,696
Repair & maintenance		586,530	872,819
Charity & donation		22,950	28,643
Insurance expenses		196,114	186,331
Depreciation	12.3	524,077	411,178
Miscellaneous expenses		67,112	77,061
		13,287,148	12,527,194
21.1 Salaries, wages and benefits include Rs.613,520/- (2017: Rs.451,112 /-) in respect of staff retirement benefits - gratuity (Note # 8.3).			
21.2 Auditor's remuneration			
Statutory Audit fee		250,000	250,000
Half yearly review		-	-
out of pocket expenses		27,500	25,000
Tax consultancy		150,000	150,000
		427,500	425,000
22 DISTRIBUTION COST			
Salaries, wages and benefits	22.1	2,878,407	2,445,107
Telephone expenses		63,540	63,890
Traveling and conveyance		13,810	6,530
Entertainment		13,532	11,504
Advertisement		383,488	577,419
Repair & maintenance - Vehicles		1,569,470	1,324,370
Freight & octroi		79,920	1,054,696
Sale promotion expenses		964,602	561,412
Comission on sale		758,877	1,262,862
Doubtful debts		13,500	1,649,000
Bad Debts Written off		344,208	-
Miscellaneous expenses		47,300	44,696
		7,130,654	9,001,486
22.1. Salaries, wages and benefits include Rs.239,807/- (2017: Rs.180,445/-) in respect of staff retirement benefits - gratuity (Note # 8.3).			
23. FINANCE AND OTHER COST			
Bank Charges		73,143	52,426
Stock exchange fees		180,663	153,450
Other cost			
Workers profit participation fund		376,546	250,792
Workers welfare fund		277,029	284,141
		907,381	740,809

	2018 Rupees	2017 Rupees
24. OTHER INCOME		
Income from non financial assets		
capital gain on disposal of fixed assets	372,970	-
Others		
Cleaning & drying	524,794	77,770
income from sale of woods & Plants	-	-
	<u>897,764</u>	<u>77,770</u>
25. TAXATION	2018 Rupees	2017 Rupees (Restated)
Current year	4,155,430	4,383,395
Prior years	622,176	-
DEFERRED	4,777,606	4,383,395
Current year	(1,194,076)	(1,464,514)
Prior years	(559,200)	(190,571)
	<u>(1,753,276)</u>	<u>(1,655,085)</u>
	<u>3,024,329</u>	<u>2,728,309</u>
25.1- NUMERICAL RECONCILIATION BETWEEN THE AVERAGE EFFECTIVE TAX RATE AND THE APPLICABLE TAX RATE.	%AGE	%AGE
Applicable tax rate	30.00%	31.00%
Tax effect of non deductible expenses	0.00%	0.00%
Tax effect of minimum tax liability	33.44%	55.53%
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	-7.43%	-3.76%
Tax effect relating to deferred tax current year	-15.86%	-28.91%
Average effective tax rate		
Tax expense for the year divided by profit before tax	<u>52.93%</u>	<u>53.86%</u>

25.2- The Company has filed Income Tax Return up to tax year 2017 which is deemed assessed as per Income Tax Ordinance, 2001.

25.3- Management is of view that the income tax provision for the year is sufficient to discharge the tax liability. Comparison of tax provision as per accounts viz a viz tax assessment for last three years is as follows:

Tax year	As per tax Assessment.	As per Accounts
	Income / (Expense)	
Rupees.....	
2015	(713,684)	(713,684)
2016	(3,446,161)	(2,193,007)
2017	(4,419,761)	(4,383,395)

	2018 Rupees	2017 Rupees (Restated)
26. EARNING PER SHARE		
Net Profit/(loss) for the year after taxation	3,853,012	2,337,601
Number of ordinary shares issued and subscribed at the end of the year	4,000,000	4,000,000
	<u>0.96</u>	<u>0.58</u>
26.1. BASIC		
Earning per share	<u>0.96</u>	<u>0.58</u>

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

27 NUMBER OF EMPLOYEES (Average and year end)

The total average number of employees during the period and as at the period end are as follows:

	At year end		Average	
	2018	2017	2018	2017
Head office	17	15	16	15
Plant	50	29	40	21
Total number of employees	<u>67</u>	<u>44</u>	<u>56</u>	<u>36</u>

28. REMUNERATION OF CHIEF EXECUTIVES, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the accounts for the period for remuneration, including all benefits to the Chief executive, Directors, and executive of the Company are as follows:

	2018		
	Chief Executive	Directors	Executives
Managerial remuneration	-	2,320,000	2,548,864
Utilities	-	116,000	127,443
House rent	-	1,044,000	1,146,989
Medical	-	139,200	-
Pension, gratuity and contribution to other funds	-	-	-
Other perquisites and benefits	-	-	-
	-	3,619,200	3,823,296
Number of persons	1	1	5

Director has been provided with free use of company's maintained car for official use only. No remuneration was paid to chief executive. No meeting fees are being paid to chief executive and any director during the year.

	2017		
	Chief Executive	Working Director	Executives
Managerial remuneration	-	2,320,000	2,404,928
Utilities	-	116,000	120,246
House rent	-	1,044,000	1,082,218
Medical	-	139,200	-
Pension, gratuity and contribution to other funds	-	-	-
Other perquisites and benefits	-	-	-
	-	3,619,200	3,607,392
Number of persons	1	1	5

Director has been provided with free use of company's maintained car for official use only. No remuneration was paid to chief executive. No meeting fees are being paid to chief executive and any director during the year.

29 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, directors of the Company and key management personnel. The Company in the normal course of business carries out transactions with various related parties. There are no related party transactions except for the remuneration of directors and key management personnel as disclosed in note 28.

30 CAPACITY AND PRODUCTION

Annual rated capacity (at 100% capacity)
(Based on 50 Tons per day of 24 hours and 365 days a year)

Actual Production

- Cotton seeds
- Other seeds
- Third party seed-processed

	2018	2017
	M.Tons	M.Tons
	18,250	18,250
	78	119
	970	2,231
	1,874	1,682
	2,922	4,032

30.1. 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.

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

31. CORRESPONDING FIGURES

The preparation and presentation of these financial statements for the year ended June 30, 2018 is in accordance with requirements in Companies Act, 2017. The fourth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. Accordingly, the corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of Companies Act, 2017. Following major reclassifications due to Companies Act, 2017 together with other changes have been made during the year:

Reclassified from	Reclassified to	Reason	Rupees
Surplus on revaluation of property plant and equipment	Recognised in equity as reserve	Companies Act, 2017	58,406,653
Short term borrowings (loan from director)	Equity (under the head of Loan from director)	TR 32	24,378,943

32. General

32.1. Figures have been rounded off to nearest rupees.

33. 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 MANGEMENT 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 ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

33.1- 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. 57,879,414/-,(2017: Rs. 46,823,806) financial assets which are subject to credit risk amount to Rs. 46,917,292/- (2017:Rs 40,365,951 /-).

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 policies 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:

	2018 Rupees	2017 Rupees
Trade debtors	40,243,065	34,120,028
Loan's and advances	6,674,227	6,245,923
Trade deposits	2,302,774	1,840,030
Cash and Bank balance	8,659,348	4,617,825
	<u>57,879,414</u>	<u>46,823,806</u>

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

	2018 Rupees	2017 Rupees
Foreign	-	-
Domestic	40,243,065	34,120,028
	<u>40,243,065</u>	<u>34,120,028</u>

Impairment Losses

The aging of trade debts at the reporting date was:

	2018		2017	
	Gross debts	Impaired	Gross debts	Impaired
Not past due	4,348,500	-	3,218,847	-
Past due 0-30 days	21,701,056	-	23,604,091	-
Past due 30-60 days	7,863,255	-	2,873,144	-
Past due 60-90 days	1,935,939	-	731,060	-
Over 90 days	4,738,523	(344,208)	5,341,886	(1,649,000)
	<u>40,587,273</u>	<u>(344,208)</u>	<u>35,769,028</u>	<u>(1,649,000)</u>

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

	2018 Rupees	2017 Rupees
Balance at the beginning of the year	1,649,000	650,578
Provision made during the year	344,208	1,649,000
Written off during the year	(1,649,000)	(650,578)
Balance at the end of the year	<u>344,208</u>	<u>1,649,000</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. an amount of Bad debts of Rs. 344,208/- has been written off against the provision and the remaining Bad debts amount Rs.1,649,000/-has been written off directly in P&L against debtor.

33.2- 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:

	2018		2017	
	Carrying amount	Contractual Cashflows	Carrying amount	Contractual Cashflows
Loans and other borrowings - Unsecured	24,378,943	-	24,378,943	-
Trade and other payables - Unsecured	20,562,945	20,562,945	21,186,342	21,186,342
	44,941,888	20,562,945	45,565,285	21,186,342

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 cash flow, planning, controlling and management procedures to ensure availability of funds through effective working capital management and to appropriate measures for new requirements.

33.3- 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.

32.3.1- 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.

32.3.2 - Interest rate risk management:

The Company's income and operating cash flows 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.

32.3.3 - 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.

32.3.4 - 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.

33.4- Fair Value of financial assets and financial liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

33.5- Fair value estimation

IFRS 13 requires fair value measurement disclosures using following three level fair value hierarchy that reflects the significance of the inputs used in measuring fair value of financial instruments.

Information about fair value hierarchy and asset classified under the hierarchy as follows.

- Level 1; Quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derive from prices). The Company has no items to report in this level.
- Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

33.5.1- Fair value of non-financial asset measured at fair value

Fair value of property, plant and equipment

The company's Land-Freehold, Building on Free-hold Land, Plant & Machinery, at revalued amount, being fair value at the date of revaluation, less any subsequent depreciation and subsequent impairment losses, if any. The fair value measurement of the company's Free-hold Land, Plant & Machinery, was performed as at April 08, 2016 were performed by M/s. Mughal Associates (valuer), independent valuer not related to the company. The valuer is listed on panel of Pakistan Banks Association and they have proper qualification and experience in the fair value measurement of property, plant and equipment.

	Level 1	Level 2	Level 3	Total
As at june 30, 2018	Rupees			
Land-freehold	-	9,548,000	-	9,548,000
Building on freehold land	-	19,248,115	-	19,248,115
Plant & machinery	-	44,387,171	-	44,387,171
As at june 30, 2017	Rupees			
Land-freehold	-	9,548,000	-	9,548,000
Building on freehold land	-	21,386,794	-	21,386,794
Plant & machinery	-	49,319,079	-	49,319,079

There were no transfer between levels of fair value hierarchy during the year.

33.6- Financial instruments by category

The Company finances its operation through equity, borrowings and management of working capital with a view to maintaining an approximate mix between various sources of finance to minimize risk. Taken as a whole, the Company's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments.

The accounting policies for financial instruments have been applied for line items as below:

As at june 30, 2018	Loans and Receivables	Held to maturity	Total 30-Jun-18
Assets as per statement of financial position	Rupees		
Trade debts	40,243,065	-	40,243,065
Loans and advances	6,674,227	-	7,438,687
Security deposit	272,850	-	272,850
Cash and Bank	8,659,348	-	8,659,348
	55,849,490		55,849,490

Liabilities as per statement of financial position	Financial Liabilities measured at amortized cost	Total 30-Jun-18
	Rupees	
Loan from director	24,378,943	24,378,943
Trade & Other payables	17,642,317	17,642,317
	42,636,087	42,021,260

As at june 30, 2017	Loans and Receivables	Held to maturity	Total 30-Jun-18
Assets as per statement of financial position	Rupees		
Trade debts	34,120,028	-	34,120,028
Loans and advances	6,245,923	-	6,245,923
Security deposit	122,850	-	122,850
Cash and Bank	4,617,825	-	4,617,825
	45,106,626		45,106,626

Liabilities as per statement of financial position	Financial Liabilities measured at amortized cost	Total 30-Jun-18
	Rupees	
Loan from director	24,378,943	24,378,943
Trade & Other payables	18,642,352	18,642,352
	43,021,295	43,021,295

34- CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2017	Cash flow Rupees	2018
Loan from director	45,106,626	-	45,106,626

35- DATE OF AUTHORIZATION FOR ISSUE

The financial statements have been authorized for issue on October 05, 2018 by the board of directors of the company.


(FAAZ RAHIM KHAN)
Chief Executive


(ASIF RAHIM KHAN)
Director


(MUHAMMAD AZAM)
Chief Financial Officer

**DATA AGRO LIMITED FORM 34
The Companies Act, 2017. Section 227 (2)(f)
PATTERN OF SHARE HOLDINGS
AS AT JUNE 30, 2018**

Number of ShareHolders	Shareholding		Number of Share Held	% of Capital
	From	To		
90	1	100	2,623	0.07
2265	101	500	1,127,426	28.19
53	501	1000	52,600	1.32
61	1001	5000	164,150	4.10
14	5001	10000	127,501	3.19
5	10001	15000	63,000	1.58
3	15001	20000	51,100	1.28
1	20001	25000	21,000	0.53
2	25001	30000	56,500	1.41
1	30001	35000	34,000	0.85
1	35001	40000	38,500	0.96
1	45001	50000	50,000	1.25
1	55001	60000	56,000	1.40
1	80001	85000	84,000	2.10
1	100001	105000	101,300	2.53
1	130001	135000	131,300	3.28
1	145001	150000	150,000	3.75
1	200001	205000	201,000	5.03
1	215001	220000	219,200	5.48
1	230001	235000	233,500	5.84
1	275001	280000	275,800	6.90
1	360001	365000	364,600	9.12
1	390001	395000	394,900	9.87
2,508	<-----TOTAL----->		4,000,000	100.00

**CATEGORIES OF SHARE HOLDING required under code of Corporate Governance (CCG)
AS ON JUNE 30-06-2018**

Sr #	Shareholder's Category	Number of Shareholders	Number of Shares Held	Percentage
1	Directors/Chief Executive Officer and their Spouse and minor children.		1,316,100	32.90
2	Executives	-	-	-
3	Associated Companies, Undertakings and Public Sector Companies and Corporations	1	394,900	9.87
4	NIT and ICP NBP (Trustee Department) -----> 11,700 IDBP (ICP UNIT) -----> 34,000	2	45,700	1.14
5	Public Sector Companies and Corporations	-	-	-
6	Banks, Development Financial Institutions, Non-Banking Financial Institutions Insurance Companies Modarabas and Mutual Funds	2	65	0.00
7	Shareholding 5% or More (including in above category)	*5	*1,688,000	*33.08
8	Others	2	12,001	0.30
9	Individuals	2,501	2,231,234	55.78
	TOTAL : -	2,508	4,000,000	100.00

CATEGORIES OF SHAREHOLDERS		TOTAL SHARES HELD	%
A) Directors/Chief Executive Officer and their spouse and minor Children			
1	MR. SOHAIL AHMED KHAN	500	0.01
2	MR. ANWAR UL HAQ	1,000	0.03
3	MR. ASAD RAHIM KHAN	383,500	9.59
4	MR. HAIDER SADIK	219,200	5.48
5	MR. MOHAMMAD AYUB KHAN	500	0.01
6	MR. SHAMIM AHMED KHAN	500	0.01
7	MRS. FAIZA FAAIZ KHAN	325,800	8.15
8	MR. SAAD RAHIM KHAN	364,600	9.12
9	MR. FAAIZ RAHIM KHAN	10,000	0.25
10	MR. ASIF RAHIM KHAN	10,000	0.25
11	MRS. BADAR HUSAIN	500	0.01
12			0.00
TOTAL: -		1,316,100	32.90
B) Executives			
-	-	-	-
C) Associated Companies, Undertakings and related parties			
1	DATA ENTERPRISES (PVT) LTD	394,900	9.87
TOTAL: -		394,900	9.87
D) NIT and IDBP (ICP UNIT)			
1	N.B.P. TRUSTEE DEPARTMENT	11,700	0.29
2	IDBP (ICP UNIT)	34,000	0.85
TOTAL: -		45,700	1.14
E) Banks, Development Financial Institutions, Non-Banking Financial Institutions, Insurance companies, Modarabas and Mutual Funds			
1	NATIONAL BANK OF PAKISTAN	10	0.00
2	NATIONAL BANK OF PAKISTAN	55	0.00
TOTAL:-		65	0.00
F) *Shareholding 5% or more			
1	MR HAIDER SADIK	219,200	5.48
2	MR. ASAD RAHIM KHAN	383,500	9.59
3	MRS FAAIZA FAAIZ KHAN	325,800	8.15
4	MR SAAD RAHIM KHAN	364,600	9.12
5	DATA ENTERPRISES (PVT) LTD	394,900	9.87
TOTAL: -		1,688,000	42.20
G) Others			
1	MAPLE LEAF CAPITAL LIMITED	1	0.00
2	RS CAPITAL (PRIVATE) LIMITED	12,000	0.30
TOTAL: -		12,001	0.30
H) Individuals		2,231,234	55.78
	Others (to be specified)	0	0.00
	Joint Stock Companies	0	0.00
	Foreign Companies	0	0.00
GRAND TOTAL :-		4,000,000	100.00

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed.

Serial Number	Name	Sale	Purchase
1.	Mrs. Faiza Faaiz Khan	-	50,000

Signature of the Company Secretary

Name of Signatory

Suhail Mehmood

Designation

Company Secretary

NIC Number

Date

30.6.2018



FORM OF PROXY

I/We-----
of -----being a member of **DATA AGRO LIMITED** and holding-----
- ordinary shares as per Share Register Folio No-----hereby appoint Mr.-----
----- of -----or failing him Mr.-----of ----
----- as my /our proxy in my/our absence to attend and vote for me/us and on
my/our behalf at the Annual General Meeting of the Company to be held on 27th
October, 2018 at 11:30 a.m. at 135-Scotch Corner, Upper Mall, Lahore and at any
adjournment thereof.

Signed this -----day of -----2018.

Witnesses:

1. Signature: _____
Name: _____
Address: _____
NIC or
Passport No. _____



The Signature should agree
with the specimen registered
with the Company.

2. Signature: _____
Name: _____
Address: _____
CNIC or
Passport No. _____

Note:

Proxies in order to be effective must be received at the Company's registered office not less than 48 hours before the meeting. No person shall be appointed a proxy who is not member of the Company qualified to vote except that a corporation being a member may appoint as proxy a per son who is not a member.

CDC Shareholders and their Proxies are each requested to attach an attested photocopy to their National Identity Card or Passport with this proxy form before submission to the Company.