Safe Mix Concrete Products Limited

Financial Statements for the year ended
30 June 2008

KPMG Taseer Hadi & Co.
Chartered Accountants
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Siddiq Trade Centre
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Lahore, Pakistan

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Auditors' Report to the Members

We have audited the annexed balance sheet of **Safe Mix Concrete Products Limited** ("the Company") as at 30 June 2008 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2008 and of the profit, its cash flow and changes in equity for the period then ended; and

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

KPMG Taseer Hadi & Co

KPMG Taseer Hadi & Co
Chartered Accountants

Lahore:
20 NOVEMBER 2008

Safe Mix Concrete Products Limited
Balance Sheet
As at 30 June 2008

	Note	2008 Rupees	2007 Rupees
Non - current assets			
Property, plant and equipment	4	**145,522,018**	104,581,604
Long term deposits	5	**6,127,490**	3,282,840
Current assets			
Trade debts	6	**62,757,172**	4,965,855
Stock in trade	7	**14,717,619**	3,730,680
Stores, spare parts and loose tools		**325,539**	62,349
Advances, deposits, prepayments and other receivables	8	**19,827,861**	9,833,659
Cash and bank balances	9	**19,885,753**	3,918,940
		117,513,944	22,511,483
Current liabilities			
Trade and other payables	10	**60,977,208**	3,451,545
Accrued markup		**3,609,580**	1,354,696
Short term running finance - secured	11	**49,969,881**	29,758,534
Current portion of liabilities against assets subject to finance lease		**992,106**	-
		115,548,775	34,564,775
Net current assets		**1,965,169**	(12,053,292)
Non - current liabilities			
Long term loan - unsecured	12	**30,000,000**	-
Liabilities against assets subject to finance lease	13	**6,835,321**	-
Deferred liability - taxation	14	**14,193,588**	251,259
Contingencies and commitments	15		
		102,585,768	95,559,893
FINANCED BY:			
Share capital and reserves			
Issued, subscribed and paid up capital	16	**70,000,000**	70,000,000
Share deposit money		**29,750,000**	25,300,000
Accumulated profit		**2,835,768**	259,893
		102,585,768	95,559,893

The annexed notes 1 to 29 form an integral part of these financial statements.

Chief Executive

Director

Lahore:

20 NOVEMBER 2008

Safe Mix Concrete Products Limited

Profit and Loss Account

For the year ended 30 June 2008

	Note	2008 Rupees	2007 Rupees
Revenue	17	**433,244,601**	57,448,217
Cost of sales	18	**398,339,783**	50,711,973
Gross profit		**34,904,818**	6,736,244
Administrative expenses	19	**14,485,581**	8,694,636
Operating profit/(loss)		**20,419,237**	(1,958,392)
Finance cost	20	**6,756,667**	1,721,814
Other operating expenses	21	**-**	415,063
		6,756,667	2,136,877
Other operating income	22	**2,855,634**	853,324
Profit/(Loss) before taxation		**16,518,204**	(3,241,945)
Provision for taxation	23	**13,942,329**	538,500
Profit/(Loss) after taxation		**2,575,875**	(3,780,445)

The annexed notes 1 to 29 form an integral part of these financial statements.

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Lahore:

20 NOVEMBER 2008

Chief Executive

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Director

Safe Mix Concrete Products Limited
Cash Flow Statement
For the year ended 30 June 2008

	Note	2008 Rupees	2007 Rupees
Cash flow from operating activities			
Profit/(loss) before taxation		16,518,204	(3,241,945)
Adjustments of items not involving movement of cash:			
Depreciation		10,681,744	4,252,949
(Gain)/loss on sale of fixed assets		(508,000)	415,063
Interest income		(391,462)	(562,292)
Finance cost		6,756,667	1,721,814
		16,538,949	5,827,534
Operating profit before working capital changes		33,057,153	2,585,589
Adjustments for working capital items:			
(Increase)/decrease in current assets			
Long term deposits		(2,844,650)	(62,000)
Trade debts		(57,791,317)	(2,841,632)
Stock in trade		(10,986,939)	(3,730,680)
Stores and spares		(263,190)	917,419
Advances, deposits, prepayments and other receivables		(3,625,691)	(6,236,036)
Increase in current liabilities			
Trade and other payables		57,525,663	3,234,860
		(17,986,124)	(8,718,069)
Cash generated from/(used in) operations		15,071,029	(6,132,480)
Taxes paid		(6,368,511)	(2,578,865)
Finance cost paid		(4,501,783)	(1,074,579)
		(10,870,294)	(3,653,444)
Net cash generated from/(used in) operating activities		4,200,735	(9,785,924)
Cash flow from investing activities			
Fixed capital expenditure		(48,335,658)	(65,327,691)
Interest received		391,462	562,292
Proceeds from sale of fixed assets		5,500,000	3,411,024
Net cash used in investing activities		(42,444,196)	(61,354,375)
Cash flow from financing activities			
Share capital deposit money received		4,450,000	25,300,000
Proceeds from long term finances		30,000,000	-
Repayment of liabilities against assets subject to finance lease		(451,073)	-
Net cash generated from financing activities		33,998,927	25,300,000
Net decrease in cash and cash equivalents		(4,244,534)	(45,840,299)
Cash and cash equivalents at beginning of the year		(25,839,594)	20,000,705
Cash and cash equivalents at the end of the year	27	(30,084,128)	(25,839,594)

The annexed notes 1 to 29 form an integral part of these financial statements.

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Lahore:

20 NOVEMBER 2008

Chief Executive

Director

Safe Mix Concrete Products Limited
Statement of Changes in Equity
For the year ended 30 June 2008

	Issued, subscribed and paid-up capital	Share deposit money	Accumulated profit/ (loss)	Total
	(-------	-------	Rupees -------	-------)
Balance as at 30 June 2006	70,000,000	-	4,040,338	74,040,338
Share deposit money received	-	25,300,000	-	25,300,000
Net loss for the period	-	-	(3,780,445)	(3,780,445)
Balance as at 30 June 2007	70,000,000	25,300,000	259,893	95,559,893
Share deposit money received	-	4,450,000	-	4,450,000
Net profit for the year	-		2,575,875	2,575,875
Balance as at 30 June 2008	**70,000,000**	**29,750,000**	**2,835,768**	**102,585,768**

The annexed notes 1 to 29 form an integral part of these financial statements.

Lahore:

20 NOVEMBER 2008

Chief Executive

Director

1 Status and nature of business

Safe Mix Concrete Products Limited ("the Company") was incorporated on 04 April 2005 as Private Limited Company. Subsequently, it has been converted into Public Limited Company on 21 February 2007, in accordance with provisions of section 45 read with section 41(3) of the Companies Ordinance 1984. The Principal activity of the Company is production and supply of ready mix concrete, building blocks and construction of prefabricated buildings, factories and other construction sites. The registered office of the Company is situated at 25-A, FCC, Syed Maratib Ali Road, Gulberg IV, Lahore, Pakistan.

2 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standard for Medium-Sized Entities (MSEs) issued by the Institute of Chartered Accountants of Pakistan and provisions of and directives issued under the Companies Ordinance , 1984. In case requirements differ, the provisions or directives of the Companies Ordinance , 1984 shall prevail.

3 Significant accounting policies

3.1 Accounting convention & basis of preparation

These financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that effect the application of policies and reported amount of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognized prospectively commencing from the period of revision.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Residual values and useful life of depreciable assets - note 3.3
- Provision for taxation - note 3.12

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3.2 New accounting standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards, effective for accounting periods beginning on or after 1 July 2008 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 increased disclosures:

IFRS 7 - Financial Instruments: Disclosures

IFRS 8 - Operating Segments

Revised IAS 1 - Presentation of financial statements

Revised IAS 23 - Borrowing costs

IFRS 2 (amendment) - Share based payments

IFRS 3 (amendment) - Business Combinations and consequential amendments to IAS 27 - Consolidated and separate financial statements, IAS 28 - Investment in associates and IAS 31-Interest in Joint Ventures.

IAS 32 (amendment) - Financial instruments: Presentation and consequential amendment to IAS 1-Presentation of Financial Statements

IFRIC 10 – Interim Financial Reporting and Impairment

IFRIC 11 – Group and Treasury Share Transactions

IFRIC 12 – Service Concession Arrangements

IFRIC 13 - Customer Loyalty Programme

IFRIC 14 IAS 19 - The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction

IFRIC 15 - Agreement for the Construction of Real Estate

IFRIC 16 - Hedge of Net Investment in a Foreign Operation

3.3 Property, plant and equipment and depreciation

Operating Fixed assets

Operating fixed assets are stated at historical cost less accumulated depreciation and identified impairment loss, if any.

Depreciation on operating fixed assets is charged on reducing balance method whereby cost of an asset is written off over its estimated useful life at the rates given in note 4.1. Depreciation on additions is charged from the month following the one in which the asset is available for use and on disposal upto the month the asset is in use.

Depreciation methods, residual values and the useful lives of the assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and cost of the item can be measured reliably. All other repairs and maintenance costs are charged to expense as and when incurred.

Project temporary civil works

Project temporary civil works include costs incurred on temporary structures/civil works for project staff and are being depreciated over the tenure of project on a straight line basis.

Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment loss, if any.

Finance Lease

Leases in terms of which the Company has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are stated at the lower of its cost less accumulated depreciation and any identified impairment loss and present value of minimum lease payments at the date of commencement of lease.

The related rental obligations , net of finance costs are classified as current and long term depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance costs so as to achieve a constant rate on the balance outstanding.

Assets acquired under a finance lease are depreciated over the estimated useful life of the asset on a reducing balance method at the rates given in note 4. Depreciation of leased assets is charged to income.

Residual value and useful life of leased assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.

Depreciation on additions to leased assets is charged from the month following the one in which the asset is available for use and on disposal upto the month the asset is in use.

3.4 Impairment of assets

The Company assesses at each balance sheet date, whether there is any indication that assets may be impaired. If such an indication exists, the carrying amount of such assets is reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed their respective recoverable amounts, assets are written down to their recoverable amount and resulting impairment loss is recognized in income currently. The recoverable amount is higher of an asset's fair value less costs to sell and value in use.

Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life. Where an 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. A reversal of the impairment loss is recognized in income.

3.5 Stock in trade

Stock in trade -raw material is valued at the lower of cost and net realizable value. Cost is determined using weighted average method except for raw material in transit which is stated at cost. Cost includes applicable purchase cost plus other directly attributable charges incurred thereon.

3.6 Stores, spare parts and loose tools

These are valued at the lower of moving average cost and net realizable value. Write down in stores and spares is made for slow moving and obsolete items. Items in transit are valued at invoice value plus other directly attributable charges incurred thereon.

3.7 Trade debts and receivables

Receivables are carried at original invoice amount less an estimate made for doubtful receivable balances based on a review of outstanding amounts at the year end. Bad debts are written off when identified.

3.8 Revenue recognition

Revenue from sale of goods is recorded when significant risks and rewards are transferred to the customers, i.e. when dispatch is received and approved by the customer at the project site.

Income on deposits and other financial assets is recognized on accrual basis.

3.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, balances with bank and short term placements readily convertible to known amount of cash and subject to insignificant risk of change in value. Cash and cash equivalents also include bank overdrafts/ short term borrowings that are repayable on demand and form an integral part of the Company's cash management under markup arrangement with banks.

3.10 Foreign currency translation

Translation in foreign currencies are accounted for in Pak rupees at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities in foreign currencies are translated in Pak Rupees at rates of exchange prevailing at the balance sheet date. Foreign exchange differences are recognized in the profit and loss account.

3.11 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.12 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the assets can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax is calculated at the rates that are expected to apply to the period when differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date.

3.13 Borrowing costs

Borrowing cost relating to expense incurred in bringing a qualifying asset into working condition are capitalized. Other borrowing costs are charged to profit and loss as and when incurred.

3.14 Provisions

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

3.15 Financial Instruments

Financial assets and liabilities are recognized when the Company becomes party to the contractual provisions of the instrument. Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset.

Financial liabilities are de-recognized when they are extinguished i.e., when the obligation specified in the contract is discharged, cancelled or expired. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

3.16 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.

3.17 Transactions with related parties and associated undertakings

The Company enters into transactions with related parties on an arm's length basis.

	Note	2008 Rupees	2007 Rupees
4 Property, plant and equipment			
Operating assets	*4.1*	**103,861,754**	77,326,755
Capital work-in-progress	*4.3*	**41,660,264**	27,254,849
		145,522,018	104,581,604

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4.1 The statement of operating fixed assets is as follows:

	Cost					Depreciation				Net book value as at 30 June 2008
	As at 01 July 2007	Additions	(Deletions)	As at 30 June 2008	Rate	As at 01 July 2007	For the period	(Adjustments)	As at 30 June 2008	
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Owned										
Building on freehold land	3,062,352	-	-	3,062,352	5	12,760	152,480	-	165,240	2,897,112
Project temporary civil works		2,127,438	-	2,127,438	50		1,049,541	-	1,049,541	1,077,897
Plant and machinery	73,858,876	30,108,500	(4,992,000)	98,975,376	10	5,550,567	7,969,137	-	13,519,704	85,455,672
Vehicles	5,926,314	1,504,695	-	7,431,009	20	1,125,531	985,235	-	2,110,766	5,320,243
Furniture and fixture	71,966	41,010	-	112,976	10	4,556	5,944	-	10,500	102,476
Computers	312,400	29,100	-	341,500	30	61,868	70,359	-	132,227	209,273
Electrical equipment	225,816	62,900	-	288,716	10	21,250	46,024	-	67,274	221,442
Office equipment	687,667	56,600	-	744,267	10	42,104	69,757	-	111,861	632,406
30 June 2008	84,145,391	33,930,243	(4,992,000)	113,083,634		6,818,636	10,348,477	-	17,167,113	95,916,521
Leased										
Plant and machinery	-	6,600,000	-	6,600,000	10	-	165,417	-	165,417	6,434,583
Vehicles	-	1,678,500	-	1,678,500	20	-	167,850	-	167,850	1,510,650
	-	8,278,500	-	8,278,500		-	333,267	-	333,267	7,945,233
30 June 2008	84,145,391	42,208,743	(4,992,000)	121,362,134		6,818,636	10,681,744	-	17,500,380	103,861,754

	Cost					Depreciation				Net book value as at 30 June 2007
	As at 01 July 2006	Additions	(Deletions)	As at 30 June 2007	Rate	As at 01 July 2006	For the period	(Adjustments)	As at 30 June 2007	
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Owned										
Building on freehold land	-	3,062,352	-	3,062,352	5	-	12,760	-	12,760	3,049,592
Plant and machinery	26,385,389	51,593,370	(4,119,883)	73,858,876	10	2,467,236	3,377,127	(293,796)	5,550,567	68,308,309
Vehicles	2,056,000	3,870,314	-	5,926,314	20	377,150	748,381	-	1,125,531	4,800,783
Furniture and fixture	-	71,966	-	71,966	10	-	4,556	-	4,556	67,410
Computers	39,000	273,400	-	312,400	30	12,675	49,193	-	61,868	250,532
Electrical equipment	42,300	183,516	-	225,816	10	1,350	19,900	-	21,250	204,566
Office equipment	128,700	558,967	-	687,667	10	1,072	41,032	-	42,104	645,563
30 June 2007	28,651,389	59,613,885	(4,119,883)	84,145,391		2,859,483	4,252,949	(293,796)	6,818,636	77,326,755

	Note	2008 Rupees	2007 Rupees
4.2 The depreciation charge is allocated as follows:			
Cost of sales	18	9,316,144	3,405,741
General and administrative expenses	19	1,365,600	847,208
		10,681,744	4,252,949
4.3 Capital work-in-progress			
Plant and machinery		40,905,415	26,500,000
Mobile house villa		754,849	754,849
		41,660,264	27,254,849

5 Long term deposits

	Note	2008 Rupees	2007 Rupees
Deposits with leasing companies	5.1	923,650	-
Others		5,203,840	3,282,840
		6,127,490	3,282,840

5.1 These represent interest free security deposits with leasing companies.

	Note	2008 Rupees	2007 Rupees
6 Trade debts			
Unsecured and considered good			
Related parties	6.1	2,375,088	1,402,958
Others		60,382,084	3,562,897
		62,757,172	4,965,855

6.1 They are in normal course of business and are interest free.

7 Stock in trade

		2008 Rupees	2007 Rupees
Raw materials		14,717,619	3,730,680
		14,717,619	3,730,680

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	Note	2008 Rupees	2007 Rupees
8 Advances, deposits, prepayments and other receivables			
Advances - unsecured, considered good			
To staff	8.1	1,193,285	309,238
To suppliers		8,735,055	6,741,006
Against imprest	8.2	295,124	463,101
Advance income tax		7,828,738	1,460,227
Prepayments		1,344,570	860,087
Others		431,089	-
		19,827,861	9,833,659

8.1 These represent advances given to employees against salary.

8.2 These represent advances given to employees against expenses on behalf of the Company.

	Note	2008 Rupees	2007 Rupees
9 Cash and bank balances			
Cash in hand		53,024	141,662
Cash at bank			
Current accounts		4,875,201	3,454,836
Saving accounts	9.1	14,957,528	322,442
		19,832,729	3,777,278
		19,885,753	3,918,940

9.1 These carry profit at rate ranging from 4.5% to 6% (2007: 0.5% to 4.5%) per annum.

	2008 Rupees	2007 Rupees
10 Trade and other payables		
Creditors	47,765,571	2,687,397
Advances from customers	8,038,888	-
Director's remuneration payable	89,000	-
Accrued expenses	4,273,223	708,022
Withholding tax payable	810,526	56,126
	60,977,208	3,451,545

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		Note	2008 Rupees	2007 Rupees
8	**Advances, deposits, prepayments and other receivables**			
	Advances - unsecured, considered good			
	To staff	8.1	1,193,285	309,238
	To suppliers		8,735,055	6,741,006
	Against imprest	8.2	295,124	463,101
	Advance income tax		7,828,738	1,460,227
	Prepayments		1,344,570	860,087
	Others		431,089	-
			19,827,861	9,833,659

8.1 These represent advances given to employees against salary.

8.2 These represent advances given to employees against expenses on behalf of the Company.

		Note	2008 Rupees	2007 Rupees
9	**Cash and bank balances**			
	Cash in hand		53,024	141,662
	Cash at bank			
	Current accounts		4,875,201	3,454,836
	Saving accounts	9.1	14,957,528	322,442
			19,832,729	3,777,278
			19,885,753	3,918,940

9.1 These carry profit at rate ranging from 4.5% to 6% (2007: 0.5% to 4.5%) per annum.

		2008 Rupees	2007 Rupees
10	**Trade and other payables**		
	Creditors	47,765,571	2;687,397
	Advances from customers	8,038,888	-
	Director's remuneration payable	89,000	-
	Accrued expenses	4,273,223	708,022
	Withholding tax payable	810,526	56,126
		60,977,208	3,451,545

		Limit in millions of Rupees	Note	2008 Rupees	2007 Rupees
11	**Short term running finance- secured**				
	The Bank of Punjab	*50*	*11.1*	**49,969,881**	29,758,534

11.1 This represents utilized portion of short term finance facility available from the Bank of Punjab under mark up arrangements. This facility is secured by way of first exclusive charge over non current assets of the Company with 25% margin registered with SECP and personal guarantee of Mr. Maratib Ali. It carries mark up at the rate of 3 months highest Karachi Inter Bank Offer Rate (KIBOR) plus 250 bps with a floor of 10% per anum payable on quarterly basis. The facility will expire on 31 December 2008.

		Note	2008 Rupees	2007 Rupees
12	**Long term loan**	*12.1*	**30,000,000**	-

12.1 This represents an unsecured loan obtained from directors during the year at a markup of 12% per annum payable quarterly. This loan has been obtained for two years which is mutually renewable for another term of two years. The loan has been specifically obtained to finance fixed capital expenditure requirements of the Company.

		2008 Rupees	2007 Rupees
13	**Liabilities against assets subject to finance lease**		
	Present value of minimum lease payments	**7,827,427**	-
	Less: Current portion shown under current liabilities	**992,106**	-
		6,835,321	-

The minimum lease payments have been discounted at an implicit interest rate ranging from 19% to 23% to arrive at their present value. Rentals are paid monthly in advance. Taxes, repairs, replacements and insurance costs are to be borne by lessee. Under the terms of the agreement, the lessee has the option to purchase the assets after expiry of the lease term by adjusting the deposit amount against the residual value of the asset.

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

	Minimum lease payments	Future finance charge	Present value of lease liability 2008	Present value of lease liability 2007
	(----------	----------	Rupees----------	----------)
Years				
Not later than one year	2,349,280	1,357,174	992,106	-
Later than one year but not later than five years	9,540,174	2,704,853	6,835,321	-
	11,889,454	**4,062,027**	**7,827,427**	-

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		2008 Rupees	2007 Rupees
14	**Deferred liability - taxation**		
	Deferred taxation comprises of :		
	Liability due to accelerated tax depreciation	14,193,588	13,888,341
	Asset due to carry forward of available tax losses	-	(13,637,082)
		14,193,588	251,259

15 Contingencies and commitments

There were no significant contingencies and commitments at the balance sheet date (2007: Nil)

		Note	2008 Rupees	2007 Rupees
16	**Share capital**			
	Authorized share capital:			
	35,000,000 ordinary shares of Rs. 10 each		350,000,000	350,000,000
	Issued, subscribed and paid-up capital			
	7,000,000 ordinary shares of Rs. 10 each fully paid in cash		70,000,000	70,000,000
17	**Revenue**			
	Service income			
	Kasur project		-	9,795,050
	Sale of concrete mix		434,167,095	46,823,936
	Rental income		95,750	1,271,500
			434,262,845	57,890,486
	Less: Discounts		1,018,244	442,269
			433,244,601	57,448,217
18	**Cost of sales**			
	Raw material and stores consumed		303,585,576	34,819,057
	Salaries, wages and other benefits		19,826,414	6,320,325
	Depreciation	4.2	9,316,144	3,405,741
	Fuel and power		25,973,577	2,190,552
	Repair and maintenance		9,255,874	1,658,193
	Employees old age benefit and social security		33,230	9,173
	Equipment hiring charges		25,100,331	803,570
	Carriage and freight		346,236	174,272
	Utility charges		105,282	70,082
	Insurance expenses		534,072	61,006
	Premises rent		3,012,856	607,666
	Commission		-	14,251
	Site preparation and Sample testing		1,022,671	461,585
	Generator rent		227,520	116,500
			398,339,783	50,711,973

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	Note	2008 Rupees	2007 Rupees
19 Administrative expenses			
Director's remuneration		**1,200,000**	2,400,000
Salaries, wages and other benefits		**5,309,746**	1,717,615
Traveling and conveyance		**1,227,699**	1,331,055
Depreciation	4.2	**1,365,600**	847,208
Office rent		**526,950**	187,084
Auditors' remuneration		**210,000**	150,000
Sales Commission		**914,550**	-
Security expenses		**331,500**	-
Postage, telegram and telephones		**376,393**	189,667
Rent, rates and taxes		**15,022**	142,267
Insurance		**447,722**	132,407
Entertainment		**489,496**	44,327
Printing and stationery		**297,045**	108,605
Utilities		**575,754**	35,708
Miscellaneous		**385,180**	282,942
Boarding and lodging charges		**66,215**	284,819
News papers and periodicals		-	3,024
Carriage and freight		-	40,000
Advertisement		**63,420**	91,500
Legal and professional fee		**100,865**	644,395
Brokerage commission		-	58,000
Repair and maintenance vehicle		**582,424**	4,013
		14,485,581	8,694,636
20 Finance cost			
Bank charges		**135,508**	102,005
Mark up expenses		**6,621,159**	1,619,809
		6,756,667	1,721,814
21 Other operating expenses			
Loss on sale of fixed assets		-	415,063
		-	415,063

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	Note	2008 Rupees	2007 Rupees

22 Other operating income

	Note	2008 Rupees	2007 Rupees
Compensation interest on advance for machinery		-	125,833
Profit on deposit accounts		391,462	436,459
Gain on sale of fixed assets		508,000	-
Service income		-	241,032
Miscellaneous income		1,956,172	50,000
		2,855,634	853,324

23 Provision for taxation

	Note	2008 Rupees	2007 Rupees
Income tax - current	*23.1*	-	287,241
Deferred taxation		13,942,329	251,259
		13,942,329	538,500

23.1 The Company falls u/s 113 of the Income Tax Ordinance, 2001 hence the minimum tax, for the current year, amounting to Rs. 2.166 million has been carried forward for adjustment against the future tax liability. Accordingly tax charge reconciliation has not been prepared.

24 Remuneration of Chief Executive, Directors and Executives

	Chief Executive		Directors		Executives	
	30 June 2008	30 June 2007	30 June 2008	30 June 2007	30 June 2008	30 June 2007
	(-----	-----	-----	Rupees	-----	-----)
Remuneration	1,200,000	1,200,000	-	1,200,000	-	-
	1,200,000	1,200,000	-	1,200,000		-
No. of Persons	1	1	-	1	-	-

No other benefits are being paid other than those mentioned above.

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25 Financial instruments

	As at 30 June 2008						
	Interest/mark-up bearing			Non-interest/mark-up bearing			
	Maturity within one year	Maturity in more than one year and less than five years	Maturity in more than five years	Maturity within one year	Maturity in more than one year and less than five years	Maturity in more than five years	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Financial assets on balance sheet							
Long term deposits	-	-	-		3,024,650	3,102,840	6,127,490
Trade debts	-	-	-	62,757,172	-	-	62,757,172
Advances, deposits and other receivables	-	-	-	1,919,498	-	-	1,919,498
Cash and bank balances	14,957,528	-	-	4,928,225	-	-	19,885,753
	14,957,528	-	-	69,604,895	3,024,650	3,102,840	90,689,913
Financial liabilities on balance sheet							
Short term running finance	49,969,881	-	-	-	-	-	49,969,881
Trade and other payables	-	-	-	60,166,682	-	-	60,166,682
Long term loan	-	30,000,000	-	-	-	-	30,000,000
Liabilities against assets subject to finance lease	992,106	6,835,321	-	-	-	-	7,827,427
Accrued Markup	-	-	-	3,609.580	-	-	3,609,580
	50,961,987	36,835,321	-	63,776,262	-	-	151,573,570
	(36,004,459)	(36,835,321)	-	5,828,633	3,024,650	3,102,840	(60,883,657)

Effective interest rates/mark-up for monitory financial assets and liabilities are mentioned in respective notes to the financial statements.

	As at 30 June 2007						
	Interest/mark-up bearing			Non-interest/mark-up bearing			
	Maturity within one year	Maturity in more than one year and less than five years	Maturity in more than five years	Maturity within one year	Maturity in more than one year and less than five years	Maturity in more than five years	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Financial assets on balance sheet							
Long term deposits	-	-	-	-	180,000	3,102,840	3,282,840
Trade debts	-	-	-	4,965,855	-	-	4,965,855
Advances, deposits and other receivables	-	-	-	-	772,339	-	772,339
Cash and bank balances	322,442	-	-	3,596,498	-	-	3,918,940
	322,442	-	-	8,562,353	952,339	3,102,840	12,939,974
Financial liabilities on balance sheet							
Short term running finance	29,758,534	-	-	-	-	-	29,758,534
Trade and other payables	-	-	-	4,750,115	-	-	4,750,115
Accrued Markup	-	-	-	1,354,696	-	-	1,354,696
	29,758,534	-	-	6,104,811	-	-	35,863,345
	(29,436,092)	-	-	2,457,542	952,339	3,102,840	(22,923,371)

Effective interest rates/mark-up for monitory financial assets and liabilities are mentioned in respective notes to the financial statements.

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25.1 Financial risk management objectives

25.1.1 Interest rate risk exposure

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rate. Financial assets and liabilities include a balance of Rs. 57.797 million (2007: Rs. 29.758 million) which is subject to interest rate risk. Applicable interest rate for financial assets and liabilities have been indicated in respective notes.

25.1.2 Concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The Company's credit risk is primarily attributable to its trade debts. The Company has no significant concentration of credit risk as exposure is spread over a number of counter parties in the case of trade debts. Of the total financial assets of Rs. 90.690 million (2007: Rs. 12,940 million) financial assets which are subject to credit risk amount to Rs. 62.757 million (2007: Rs. 4.966 million). To manage exposure to credit risk, the Company applies credit limits to its customers.

25.1.3 Liquidity risk

Liquidity risk reflects the Company's inability of raising funds to meet commitment. Management closely monitors the Company's liquidity and cash flow position. This includes continuous monitoring of daily fund positions and relevant ratios.

25.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

25.3 Capital management

The Board's policy is to establish a strong capital base so as to gain investor, creditor and market confidence and to sustain the planned future operations of the business.

The Company's objectives when managing capital are:

a) to safeguard the entity's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders; and

b) to provide an adequate return to shareholders.

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26 Transactions with related parties

The related parties comprise associated undertakings, other related group companies, directors of the Company and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties, if any, are shown under loans, deposits, prepayments and other receivables and trade and other payables. Other significant transactions with related parties are as follows:

	Note	**2008 Rupees**	2007 Rupees
Associated Companies:			
ABE Pak(Private) Limited:			
Purchase of goods		**10,933,650**	-
Kaizen Construction (Private) Limited:			
Sale of goods		**6,206,137**	-
Sale of services		-	2,686,775
Concrete pump hired		**2,044,167**	803,570
Balance receiavable		-	599,388
Directors:			
Rent paid to director		-	77,368
Sale of goods to director		**972,130**	-
Loan from directors		**30,000,000**	-
Interst on loan from directors		**1,600,273**	-

27 Cash and cash equivalent

Cash and bank balances	*9*	**19,885,753**	3,918,940
Short term borrowings	*11*	**(49,969,881)**	(29,758,534)
		(30,084,128)	(25,839,594)

28 Date of authorization for issue

The financial statements were authorized for issue on 20 NOVEMBER 2008 by the board of directors of the company.

29 General

29.1 The figures have been rounded off to nearest rupee.

29.2 Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.

Chief Executive

Director

Lahore:

20 NOVEMBER 2008