

Safe Mix Concrete Products Limited

**Accounts for the year ended
30 June 2007**



KPMG Taseer Hadi & Co.
Chartered Accountants
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Auditors' Report To The Members

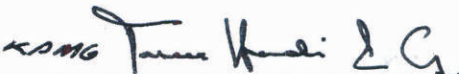
We have audited the annexed balance sheet of **Safe Mix Concrete Products Limited** ("the Company") as at 30 June 2007 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the period then ended and we state that 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 period 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 2007 and of the loss, 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.

Lahore: 14 SEP 2007


KPMG Taseer Hadi & Co
Chartered Accountants

Safe Mix Concrete Products Limited

Balance Sheet

As at 30 June 2007

	Note	2007 Rupees	2006 Rupees
Non- current Assets			
Tangible fixed assets			
Property, plant and equipment	4	77,326,755	25,791,906
Capital work-in-progress	5	27,254,849	22,188,278
		<u>104,581,604</u>	<u>47,980,184</u>
Long term deposits		3,282,840	3,220,840
Current assets			
Trade debts - unsecured, considered good	6	4,965,855	2,124,223
Stock in trade	7	3,730,680	-
Stores and spares		62,349	979,768
Advances, deposits, prepayments and other receivables	8	9,833,659	3,280,835
Cash and bank balances	9	3,918,940	20,000,705
		<u>22,511,483</u>	<u>26,385,531</u>
Current liabilities			
Trade and other payables	10	4,806,241	1,571,381
Short term running finance	11	29,758,534	-
Provision for taxation		-	1,974,836
		<u>34,564,775</u>	<u>3,546,217</u>
Net current assets		(12,053,292)	22,839,314
Contingencies and commitments	12		
Net assets		<u><u>95,811,152</u></u>	<u><u>74,040,338</u></u>
FINANCED BY:			
Share capital and reserves			
Share capital	13	70,000,000	70,000,000
Accumulated profit		259,893	4,040,338
Share deposit money		25,300,000	-
		<u>95,559,893</u>	<u>74,040,338</u>
Deferred liability - taxation	14	251,259	-
		<u><u>95,811,152</u></u>	<u><u>74,040,338</u></u>

The annexed notes 1 to 25 form an integral part of these accounts.

Lahore:


Chief Executive


Director

Safe Mix Concrete Products Limited

Profit and Loss Account

For the year ended 30 June 2007

		04 April 2005 to 30 June	
	Note	2007 Rupees	2006 Rupees
Revenue	15	57,448,217	20,408,587
Cost of sales	16	50,711,973	10,654,641
Gross profit		<u>6,736,244</u>	<u>9,753,946</u>
General and administrative expenses	17	8,694,636	5,233,185
Financial and other charges	18	2,136,877	666,153
		<u>10,831,513</u>	<u>5,899,338</u>
Operating (loss)/ profit		<u>(4,095,269)</u>	<u>3,854,608</u>
Other income	19	853,324	2,160,566
(Loss)/ profit before taxation		<u>(3,241,945)</u>	<u>6,015,174</u>
Provision for taxation	20	538,500	1,974,836
(Loss)/ profit after taxation		<u><u>(3,780,445)</u></u>	<u><u>4,040,338</u></u>

The annexed notes 1 to 25 form an integral part of these accounts.

Annex 111

Lahore:


Chief Executive


Director

Safe Mix Concrete Products Limited

Cash Flow Statement

For the year ended 30 June 2007

	Note	2007 Rupees	04 April 2005 to 30 June 2006 Rupees
Cash flow from operating activities			
Loss before taxation		(3,241,945)	6,015,174
Adjustments of items not involving movement of cash:			
Depreciation		4,252,949	2,859,483
Loss on sale of fixed assets		415,063	604,679
Interest income		(562,292)	(1,516,594)
Mark up expense		1,619,809	-
		<u>5,725,529</u>	<u>1,947,568</u>
Operating profit before working capital changes		<u>2,483,584</u>	<u>7,962,742</u>
Adjustments for working capital items:			
(Increase)/decrease in current assets			
Long term deposits		(62,000)	(3,220,840)
Trade debts		(2,841,632)	(2,124,223)
Stock in trade		(3,730,680)	-
Stores and spares		917,419	(979,768)
Advances, deposits, prepayments and other receivables		(6,236,036)	(2,137,396)
Increase in current liabilities			
Trade and other payables		3,234,860	1,571,381
		<u>(8,718,069)</u>	<u>(6,890,846)</u>
Cash (used in)/ generated from operations		<u>(6,234,485)</u>	<u>1,071,896</u>
Taxes paid		(2,578,865)	(1,143,439)
Financial charges paid		(972,574)	(61,474)
		<u>(3,551,439)</u>	<u>(1,204,913)</u>
Net cash (used in) operating activities		<u>(9,785,924)</u>	<u>(133,017)</u>
Cash flow from investing activities			
Fixed capital expenditure		(65,327,691)	(54,144,346)
Interest received		562,292	1,578,068
Proceeds from sale of fixed assets		3,411,024	2,700,000
Net cash (used in) investing activities		<u>(61,354,375)</u>	<u>(49,866,278)</u>
Cash flow from financing activities			
Issuance of share capital		-	70,000,000
Share deposit money		25,300,000	-
Net cash generated from financing activities		<u>25,300,000</u>	<u>70,000,000</u>
Net (decrease)/increase in cash and cash equivalents		<u>(45,840,299)</u>	<u>20,000,705</u>
Cash and cash equivalents at beginning of the year		<u>20,000,705</u>	-
Cash and cash equivalents at the end of the year	23	<u>(25,839,594)</u>	<u>20,000,705</u>

The annexed notes 1 to 25 form an integral part of these accounts.

Lahore:


Chief Executive


Director

Safe Mix Concrete Products Limited

Statement of Changes in Equity

For the year ended 30 June 2007

	Issued, subscribed and paid-up capital Rupees	Share deposit money	Accumulated profit/ (loss) Rupees	Total Rupees
Balance as at 04 April 2005	1,000	-	-	1,000
Share deposit money received	-	69,999,000	-	69,999,000
Share capital issued	69,999,000	(69,999,000)	-	-
Net profit for the period	-	-	4,040,338	4,040,338
Balance as at 30 June 2006	<u>70,000,000</u>	<u>-</u>	<u>4,040,338</u>	<u>74,040,338</u>
Share deposit money received	-	25,300,000	-	25,300,000
Net loss for the year	-	-	(3,780,445)	(3,780,445)
Balance as at 30 June 2007	<u><u>70,000,000</u></u>	<u><u>25,300,000</u></u>	<u><u>259,893</u></u>	<u><u>95,559,893</u></u>

The annexed notes 1 to 25 form an integral part of these accounts.

Annex 1A

Lahore:


Chief Executive

Director

Safe Mix Concrete Products Limited

Notes to the Accounts

For the year ended 30 June 2007

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 w.e.f. 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 located 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 International Accounting Standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of said directives take precedence.

3 Significant accounting policies

3.1 Accounting convention

These accounts have been prepared under the historical cost convention.

3.2 Basis of preparation

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984, and International Accounting Standards (IAS), as applicable in Pakistan.

3.3 Tangible fixed assets

Owned

Operating assets are stated at cost less accumulated depreciation and impairment losses, if any, whereas capital work-in-progress is stated at cost. Borrowing costs specific to a project during its construction period are capitalized.

Depreciation on operating fixed assets is charged on reducing balance method, so as to write off the written down value of an asset over its estimated useful life. Depreciation on additions is charged from the month following the one in which the asset is available for use and on disposal up to the month the asset is in use. The rates of depreciation are stated in note 4.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

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Profit or loss on disposal of operating fixed assets represented by the difference between the sale proceeds and the carrying amount of the asset is taken to profit and loss account.

3.4 Stores, spares and loose tools

These are valued at the moving average cost except for items in transit, which are valued at cost comprising invoice value and related expenses.

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 are stated at cost. Cost includes applicable purchase cost.

Net realizable value is the estimated selling price in the ordinary course of business less selling expenses.

3.6 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.

3.7 Revenue recognition

Revenue from sale of goods is recognized on dispatch of products to the customers. Service and rental revenue is recognized when the services are rendered.

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

3.8 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.

3.9 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.

3.10 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are off-set and the net amount is reported in the financial statements only when the Company has a legal enforceable right to off-set the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

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3.11 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 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.

3.12 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.

3.13 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.

3.14 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.

3.15 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.

3.16 Transactions with related parties and associated undertakings

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

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4 Property, plant and equipment

	Cost			As at 30 June 2007 Rupees	Depreciation				Book value as at 30 June 2007 Rupees	
	As at 01 July 2006 Rupees	Additions Rupees	(deletions) Rupees		Rate	As at 01 July 2006 Rupees	For the period Rupees	(Adjustments)		As at 30 June 2007 Rupees
					%					
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
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
2006	-	28,651,389	-	28,651,389		-	2,859,483	-	2,859,483	25,791,906

Note	2007 Rupees	2006 Rupees
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4.1 The depreciation charge is allocated as follows:

Cost of sales	16	3,405,741	2,467,236
General and administrative expenses	17	847,208	392,247
		<u>4,252,949</u>	<u>2,859,483</u>

4.2 Specific borrowing cost of Rs. 707,461 has been capitalized into plant and machinery during the period at the rate of 12.6%.

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	Note	2007 Rupees	2006 Rupees
5 Capital work-in-progress			
Plant and machinery		26,500,000	16,143,119
Un-allocated capital expenditure	5.1	-	4,103,528
Civil works		-	1,068,782
Mobile house villa		754,849	754,849
Electrical equipment		-	118,000
		<u>27,254,849</u>	<u>22,188,278</u>
5.1 Un-allocated capital expenditure			
Salaries and wages		-	1,851,033
Fuel and power		-	211,298
Premises rent		-	1,000,000
Carriage and octroi		-	88,516
Electrical installation		-	642,788
Rent, rates and taxes		-	27,390
Traveling and conveyance		-	78,693
Insurance		-	81,020
Repair and maintenance		-	122,790
		<u>-</u>	<u>4,103,528</u>
6 Trade debts - unsecured, considered good			
Packages Limited		-	1,296,234
Giga Mazyood International		71,400	-
Crescent Construction Company		238,415	-
Husnain Cotex Limited		2,591,482	-
Builder Associates		661,600	-
Kaizen Construction (Private) Limited		1,402,958	827,989
		<u>4,965,855</u>	<u>2,124,223</u>
7 Stock in trade			
Raw materials		3,730,680	-
		<u>3,730,680</u>	<u>-</u>

	Note	2007 Rupees	2006 Rupees
8 Advances, deposits, prepayments and other receivables			
Advances - unsecured, considered good			
To staff	8.1	309,238	251,164
To suppliers		6,741,006	1,673,440
Against imprest		463,101	152,524
Income tax withheld		1,460,227	1,143,439
Prepayments		860,087	17,844
Others		-	42,424
		<u>9,833,659</u>	<u>3,280,835</u>

8.1 These represent advances given to employees against salary and for expenses on behalf of the Company and are interest free.

	Note	2007 Rupees	2006 Rupees
9 Cash and bank balances			
Cash in hand		141,662	5,720
Cash at bank			
Current accounts		3,454,836	262,174
Saving accounts	9.1	322,442	19,732,811
		<u>3,777,278</u>	<u>19,994,985</u>
		<u>3,918,940</u>	<u>20,000,705</u>

9.1 These carry profit at rate ranging from 0.5% to 4.5% (2006: 0.5% to 4.5%) per annum.

	2007 Rupees	2006 Rupees
10 Trade and other payables		
Creditors	2,687,397	101,997
Accrued expenses	2,062,718	533,373
Withholding tax payable	56,126	936,011
	<u>4,806,241</u>	<u>1,571,381</u>

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	<i>Limit in millions of Rupees</i>	<i>Note</i>	2007 Rupees	2006 Rupees
11 Short term running finance- secured				
The Bank of Punjab	50	10.1	<u>29,758,534</u>	-

10.1 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 the present and future current assets and fixed assets of the Company with 25% margin registered with SECP and personal guarantee of all the Directors of the Company. It carries mark up at the rate of 3 months Karachi Inter Bank Offer Rate (KIBOR) plus 250 bps with a floor of 10% p.a payable on quarterly basis. The facility will expire on 31 December 2007.

12 Contingencies and commitments

There were no significant contingencies and commitments at the balance sheet date (2006: Nil)

	2007 Rupees	2006 Rupees
13 Share capital		
Authorized share capital:		
35,000,000 ordinary shares of Rs. 10 each	<u>350,000,000</u>	<u>350,000,000</u>
Issued, subscribed and paid-up capital		
7,000,000 ordinary shares of Rs. 10 each fully paid in cash	<u>70,000,000</u>	<u>70,000,000</u>

14 Deferred liability - taxation

Deferred taxation comprises of :

Liability due to accelerated tax depreciation	13,888,341	-
Asset due to carry forward of available tax losses	(13,637,082)	-
	<u>251,259</u>	<u>-</u>

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04 April 2005
to 30 June

2007
Rupees

2006
Rupees

15 Revenue

Service income

Kasur project

Kabirwala Project

9,795,050	19,050,089
-	2,686,775

9,795,050 21,736,864

Sale of concrete mix

46,823,936 -

Rental income

1,271,500 -

57,890,486 21,736,864

Less: Discounts

442,269 549,200

Plant non-operational charges

- 779,077

442,269 1,328,277

57,448,217 20,408,587

16 Cost of sales

Raw material and stores consumed

34,819,057 680,208

Salaries, wages and other benefits

6,320,325 4,538,942

Depreciation

4.1

3,405,741 2,467,236

Fuel and power

2,190,552 1,878,235

Repair and maintenance

1,658,193 840,003

Employees old age benefit and social security

9,173 26,650

Pump hiring charges

803,570 140,000

Carriage and freight

174,272 35,645

Utility charges

70,082 25,378

Insurance expenses

61,006 22,344

Premises rent

607,666 -

Commission

14,251 -

Site preparation and Sample testing

461,585 -

Generator rent

116,500 -

50,711,973 10,654,641

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04 April 2005
to 30 June

	Note	2007 Rupees	2006 Rupees
17 General and administrative expenses			
Directors' remuneration		2,400,000	880,000
Salaries, wages and other benefits		1,717,615	501,325
Traveling and conveyance		1,331,055	1,173,585
Preliminary expenses		-	934,700
Consultancy fee		-	437,890
Depreciation	4.1	847,208	392,247
Office rent		187,084	225,000
Auditors' remuneration		150,000	100,000
Charity and donation		-	106,310
Postage, telegram and telephones		189,667	99,351
Rent, rates and taxes		142,267	88,199
Insurance		132,407	85,291
Entertainment		44,327	58,374
Printing and stationery		108,605	33,753
Utilities		35,708	33,035
Miscellaneous		282,942	84,125
Boarding and lodging charges		284,819	-
News papers and periodicals		3,024	-
Carriage and freight		40,000	-
Advertisement		91,500	-
Professional fee		644,395	-
Brokerage commission		58,000	-
Repair and maintenance vehicle		4,013	-
		<u>8,694,636</u>	<u>5,233,185</u>
18 Financial and other charges			
Bank charges		102,005	61,474
Mark up expenses		1,619,809	-
Loss on sale of fixed assets		415,063	604,679
		<u>2,136,877</u>	<u>666,153</u>
19 Other income			
Compensation interest on advance for machinery		125,833	-
Interest income on short term investment		-	938,219
Profit on deposit accounts		436,459	639,849
Service income		241,032	582,498
Miscellaneous income		50,000	-
		<u>853,324</u>	<u>2,160,566</u>

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04 April 2005

to 30 June

2006

Rupees

	Note	2007 Rupees	2006 Rupees
20 Provision for taxation			
Income tax - current	20.1	287,241	1,974,836
Deferred taxation	14	251,259	-
		<u>538,500</u>	<u>1,974,836</u>

20.1 Tax reconciliation has not been presented because taxation charge for the year is based on turnover under section 113 of the Income Tax Ordinance, 2001.

21 Financial instruments and related disclosures

	2007				Total Rupees
	Interest/mark-up bearing		Non-interest/mark-up bearing		
	Maturity up to one year Rupees	Maturity over one year Rupees	Maturity up to one year Rupees	Maturity over one year Rupees	
Financial assets					
Long term deposits	-	-	-	3,282,840	3,282,840
Trade debts	-	-	4,965,855	-	4,965,855
Cash and bank balances	322,442	-	3,454,836	-	= 3,777,278
	<u>322,442</u>	<u>-</u>	<u>8,420,691</u>	<u>3,282,840</u>	<u>= 12,025,973</u>
Financial liabilities					
Trade and other payables	-	-	4,750,115	-	= 4,750,115
Short term running finance	29,758,534	-	-	-	= 29,758,534
2007	<u>(29,436,092)</u>	<u>-</u>	<u>3,670,576</u>	<u>3,282,840</u>	<u>= (22,482,676)</u>
2006	<u>19,732,811</u>	<u>-</u>	<u>3,976,299</u>	<u>88,000</u>	<u>= 23,797,110</u>

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

21.2 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 rates. The Company has adopted appropriate policies to cover interest rate risk.

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21.3 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. 12.026 million (2006: Rs. 24.288 million) financial assets which are subject to credit risk amount to Rs. 4.966 million (2006: Rs. 4.331 million). To manage exposure to credit risk, the Company applies credit limits to its customers.

21.4 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.

21.5 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.

22 Transactions with related parties

Related parties comprise associated companies, directors, companies with common directorship and key management staff. Detail of transactions with related parties and associated companies are as follow:

	04 April 2005 to 30 June	
	2007	2006
	Rupees	Rupees
Kaizen Construction (Private) Limited:		
Services rendered	-	2,686,775
Loan given to/paid-off	-	20,000,000
Plant and machinery sold	2,259,173	-
Concrete Pump hired	803,570	-
Balance Receivable	599,388	-
Interest income on investment	-	938,212
Remuneration paid to the directors	2,400,000	880,000
Rent paid to director	77,368	1,225,000

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	<i>Note</i>	2007 Rupees	2006 Rupees
23 Cash and cash equivalent			
Cash and bank balances	9	3,918,940	20,000,705
Short term borrowings	11	(29,758,534)	-
		<u>(25,839,594)</u>	<u>20,000,705</u>

24 Date of authorization for issue

The financial statements were authorized for issue on 14 SEP 2007 by the board of directors of the company.

25 Figures

25.1 Previous year figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. During current year short term security deposits amounting to Rs. 3,132,840 have been reclassified into long term deposits.

25.2 Figures have been rounded off to nearest Rupee.

Lahore:


Chief Executive


Director