

Safe Mix Concrete Products Limited

Financial Statements for the year ended
30 June 2009



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 2009 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 2009 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.

Lahore: 21 AUG 2009

KPMG Taseer Hadi & Co
Chartered Accountants
(Kamran Iqbal Yousafi)

KPMG Taseer Hadi & Co., a partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative

Safe Mix Concrete Products Limited

Balance Sheet

As at 30 June 2009

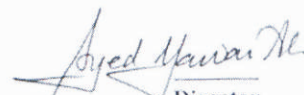
	Note	2009 Rupees	2008 Rupees
Non - current assets			
Property, plant and equipment	4	132,867,192	145,522,018
Long term deposits	5	6,532,475	6,127,490
Current assets			
Stores, spare parts and loose tools		947,994	325,539
Trade debts	6	90,342,317	62,757,172
Stock in trade	7	28,779,724	14,717,619
Advances, prepayments and other receivables	8	5,941,810	11,999,123
Tax refund due from Government		11,821,723	7,828,738
Cash and bank balances	9	9,557,690	19,885,753
		147,391,258	117,513,944
Current liabilities			
Trade and other payables	10	61,565,530	61,803,118
Accrued markup		5,406,267	3,609,580
Short term running finance - secured	11	49,969,881	49,969,881
Current portion of liabilities against assets subject to finance lease	13	1,572,871	992,106
		118,514,549	116,374,685
Net current assets		28,876,709	1,139,259
Non - current liabilities			
Long term loan - unsecured	12	27,000,000	30,000,000
Liabilities against assets subject to finance lease	13	7,715,834	6,835,321
Deferred liability - taxation	14	14,186,877	14,193,588
Contingencies and commitments	15	-	-
		119,373,665	101,759,858
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	29,750,000
Accumulated profit		19,623,665	2,009,858
		119,373,665	101,759,858

The annexed notes 1 to 27 form an integral part of these financial statements.

1/10/09

Lahore:


Chief Executive


Director

Safe Mix Concrete Products Limited

Profit and Loss Account

For the year ended 30 June 2009

	Note	2009 Rupees	2008 Rupees
Revenue	17	707,464,827	433,244,601
Cost of sales	18	651,559,203	398,339,783
Gross profit		<u>55,905,624</u>	<u>34,904,818</u>
Administrative expenses	19	25,926,399	15,311,491
Operating profit		<u>29,979,225</u>	<u>19,593,327</u>
Finance cost	20	14,563,776	6,756,667
Other operating income	21	11,609,196	2,855,634
Profit before taxation		<u>27,024,645</u>	<u>15,692,294</u>
Provision for taxation	22	9,410,838	13,942,329
Profit after taxation		<u><u>17,613,807</u></u>	<u><u>1,749,965</u></u>

The annexed notes 1 to 27 form an integral part of these financial statements.

Lahore:


Chief Executive


Director

Safe Mix Concrete Products Limited

Cash Flow Statement

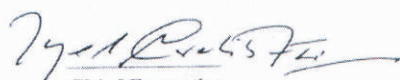
For the year ended 30 June 2009

	Note	2009 Rupees	2008 Rupees
Cash flow from operating activities		27,024,645	15,692,294
Profit before taxation			
Adjustments of items not involving movement of cash:			
Depreciation		14,832,474	10,681,744
Gain on sale of fixed assets		(3,664,453)	(508,000)
Interest income		(448,072)	(391,462)
Finance cost		14,563,776	6,756,667
		<u>25,283,725</u>	<u>16,538,949</u>
Operating profit before working capital changes		52,308,370	32,231,243
Adjustments for working capital items:			
(Increase)/decrease in current assets			
Long term deposits		(404,985)	(2,844,650)
Trade debts		(27,585,145)	(57,791,317)
Stock in trade		(14,062,105)	(10,986,939)
Stores, spare parts and loose tools		(622,455)	(263,190)
Advances, prepayments and other receivables		6,057,313	(3,625,691)
(Decrease)/increase in current liabilities			
Trade and other payables		(237,588)	58,351,573
		<u>(36,854,965)</u>	<u>(17,160,214)</u>
Cash generated from operations		15,453,405	15,071,029
Taxes paid		(13,410,534)	(6,368,511)
Finance cost paid		(12,767,089)	(4,501,783)
		<u>(26,177,623)</u>	<u>(10,870,294)</u>
Net cash (used in)/generated from operating activities		(10,724,218)	4,200,735
Cash flow from investing activities			
Fixed capital expenditure		(10,318,896)	(48,335,658)
Interest received		448,072	391,462
Proceeds from sale of fixed assets		14,500,000	5,500,000
Net cash generated from/(used in) investing activities		4,629,176	(42,444,196)
Cash flow from financing activities			
Share capital deposit money received		-	4,450,000
Long term finances		(3,000,000)	30,000,000
Repayment of liabilities against assets subject to finance lease		(1,233,021)	(451,073)
Net cash generated from financing activities		(4,233,021)	33,998,927
Net decrease in cash and cash equivalents		(10,328,063)	(4,244,534)
Cash and cash equivalents at beginning of the year		(30,084,128)	(25,839,594)
Cash and cash equivalents at the end of the year	25	<u>(40,412,191)</u>	<u>(30,084,128)</u>

The annexed notes 1 to 27 form an integral part of these financial statements.

2009/06/30

Lahore:


Chief Executive


Director

Safe Mix Concrete Products Limited
 Statement of Changes in Equity
 For the year ended 30 June 2009

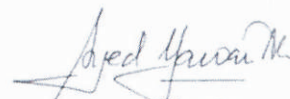
	Issued, subscribed and paid-up capital	Share deposit money	Accumulated profit	Total
	(-----Rupees-----)			
Balance as at 01 July 2007	70,000,000	25,300,000	259,893	95,559,893
Share deposit money received	-	4,450,000	-	4,450,000
Net profit for the year	-	-	1,749,965	1,749,965
Balance as at 30 June 2008	<u>70,000,000</u>	<u>29,750,000</u>	<u>2,009,858</u>	<u>101,759,858</u>
Net profit for the year	-	-	17,613,807	17,613,807
Balance as at 30 June 2009	<u><u>70,000,000</u></u>	<u><u>29,750,000</u></u>	<u><u>19,623,665</u></u>	<u><u>119,373,665</u></u>

The annexed notes 1 to 27 form an integral part of these financial statements.

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Lahore:


 Chief Executive


 Director

Safe Mix Concrete Products Limited

Notes to the Accounts

For the year ended 30 June 2009

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 3.2
- Provision for taxation - note 3.12

3.2 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.

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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 4.1. 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.

3.3 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.

2020/21

3.4 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.

3.5 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.

3.6 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 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.

3.8 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

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.

3.11 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.

As per the

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.

3.12 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.

	<i>Note</i>	2009 Rupees	2008 Rupees
4 Property, plant and equipment			
Operating fixed assets	<i>4.1</i>	132,112,343	103,861,754
Capital work-in-progress	<i>4.3</i>	754,849	41,660,264
		<u>132,867,192</u>	<u>145,522,018</u>

4.1 The statement of operating fixed assets is as follows:

	Cost				Rate %	Depreciation			Net book value as at 30 June 2009	
	As at 01 July 2008	Additions	(Deletions)	As at 30 June 2009		As at 01 July 2008	For the period	(Adjustments)		As at 30 June 2009
	(-----Rupees-----)					(-----Rupees-----)				
<i>Owned</i>										
Building on freehold land	3,062,352	82,040	-	3,144,392	5	165,240	145,152	-	310,392	2,834,000
Project temporary civil works	2,127,438	-	(1,551,367)	576,071	50	1,049,541	560,775	1,034,245	576,071	-
Plant and machinery	98,975,376	50,120,905	(13,118,235)	135,978,046	10	13,519,704	11,654,421	2,799,809	22,374,316	113,603,730
Vehicles	7,431,009	226,776	-	7,657,785	20	2,110,766	1,105,310	-	3,216,076	4,441,709
Furniture and fixture	112,976	302,842	-	415,818	10	10,500	12,751	-	23,251	392,567
Computers	341,500	-	-	341,500	30	132,227	57,254	-	189,481	152,019
Electrical equipment	288,716	268,893	-	557,609	10	67,274	24,949	-	92,223	465,386
Office equipment	744,267	222,855	-	967,122	10	111,861	79,296	-	191,157	775,965
30 June 2009	113,083,634	51,224,311	(14,669,602)	149,638,343		17,167,113	13,639,908	3,834,054	26,972,967	122,665,376

Leased

Plant and machinery	6,600,000	2,694,300	-	9,294,300	10	165,417	890,436	-	1,055,853	8,238,447
Vehicles	1,678,500	-	-	1,678,500	20	167,850	302,130	-	469,980	1,208,520
	8,278,500	2,694,300	-	10,972,800		333,267	1,192,566	-	1,525,833	9,446,967
30 June 2009	121,362,134	53,918,611	(14,669,602)	160,611,143		17,500,380	14,832,474	3,834,054	28,498,800	132,112,343

	Cost				Rate %	Depreciation			Net book value as at 30 June 2008	
	As at 01 July 2007	Additions	(Deletions)	As at 30 June 2008		As at 01 July 2007	For the period	(Adjustments)		As at 30 June 2008
	(-----Rupees-----)					(-----Rupees-----)				
<i>Owned</i>										
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	33,930,245	(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

	Note	2009 Rupees	2008 Rupees
4.2 The depreciation charge is allocated as follows:			
Cost of sales	18	13,250,863	9,316,144
Administrative expenses	19	1,581,609	1,365,600
		<u>14,832,472</u>	<u>10,681,744</u>

4.3 Capital work-in-progress

Plant and machinery		-	40,905,415
Mobile house villa		754,849	754,849
		<u>754,849</u>	<u>41,660,264</u>

5 Long term deposits

Deposits with leasing companies	5.1	1,085,480	923,650
Others	5.2	5,446,995	5,203,840
		<u>6,532,475</u>	<u>6,127,490</u>

5.1 These represent interest free security deposits with leasing companies.

5.2 These represents security deposits against rental of premises, supply of diesel and drinking water.

6 Trade debts - Unsecured and considered good

	Note	2009 Rupees	2008 Rupees
Associated companies	6.1	792,066	2,375,088
Others		89,550,251	60,382,084
		<u>90,342,317</u>	<u>62,757,172</u>

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

7 Stock in trade

Raw materials:			
Crush		3,529,179	5,158,862
Sand		7,992,835	3,910,065
Cement		13,916,092	3,815,355
Admixture / Chemicals		3,341,618	1,833,337
		<u>28,779,724</u>	<u>14,717,619</u>

28,779,724

	<i>Note</i>	2009 Rupees	2008 Rupees
8 Advances, prepayments and other receivables			
Advances (unsecured considered good) to:			
Staff	8.1	1,033,254	1,193,285
Suppliers		2,829,625	8,735,055
Others	8.2	656,091	295,124
Prepayments		1,022,928	1,344,570
Others receivables		399,912	431,089
		<u>5,941,810</u>	<u>11,999,123</u>

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.

	<i>Note</i>	2009 Rupees	2008 Rupees
9 Cash and bank balances			
Cash in hand		321,146	53,024
Cash at bank			
Current accounts		2,310,823	4,875,201
Deposit accounts	9.1	6,925,721	14,957,528
		<u>9,236,544</u>	<u>19,832,729</u>
		<u>9,557,690</u>	<u>19,885,753</u>

9.1 These carry profit at rate ranging from 3% to 5% (2008: 4.5% to 6%) per annum.

	2009 Rupees	2008 Rupees
10 Trade and other payables		
Creditors	49,905,193	47,765,571
Advances from customers	3,225,436	8,038,888
Director's remuneration payable	115,000	89,000
Accrued expenses	5,291,188	4,273,223
Withholding tax payable	194,393	810,526
Worker's welfare fund payable	586,060	-
Worker's profit participation fund	2,248,260	825,910
	<u>61,565,530</u>	<u>61,803,118</u>

	<i>Limit in millions of Rupees</i>	<i>Note</i>	2009 Rupees	2008 Rupees
11 Short term running finance- secured				
The Bank of Punjab	50	11.1	<u>49,969,881</u>	<u>49,969,881</u>

11.1 This represents utilized portion of short term running 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 and 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 annum payable on quarterly basis. The facility will expire on 31 December 2009.

	<i>Note</i>	2009 Rupees	2008 Rupees
12 Long term loan	12.1	<u>27,000,000</u>	<u>30,000,000</u>

12.1 This represents an unsecured loan obtained from directors at a markup of 12% per annum payable quarterly. This loan was initially obtained for two years and is mutually renewable for another term of two years. The Company has the right to repay the principal sum or any part thereof during the term. The loan has been specifically obtained to finance fixed capital expenditure requirements of the Company.

	2009 Rupees	2008 Rupees
13 Liabilities against assets subject to finance lease		
Present value of minimum lease payments	9,288,705	7,827,427
Less: Current portion shown under current liabilities	<u>1,572,871</u>	<u>992,106</u>
	<u>7,715,834</u>	<u>6,835,321</u>

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	
			2009	2008
(-----Rupees-----)				
Years				
Not later than one year	3,170,088	1,597,217	1,572,871	992,106
Later than one year but not later than five years	<u>9,991,150</u>	<u>2,275,316</u>	<u>7,715,834</u>	<u>6,835,321</u>
	<u>13,161,238</u>	<u>3,872,533</u>	<u>9,288,705</u>	<u>7,827,427</u>

		2009 Rupees	2008 Rupees
14	Deferred liability - taxation		
	Taxable temporary difference		
	Accelerated tax depreciation	17,416,924	16,933,188
	Deductible temporary difference		
	Liability against assets subject to finance lease	(3,230,047)	(2,739,599)
		<u>14,186,877</u>	<u>14,193,588</u>
15	Contingencies and commitments		
	There were no significant contingencies and commitments at the balance sheet date (2008: Nil)		
	<i>Note</i>	2009 Rupees	2008 Rupees
16	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>
17	Revenue		
	Sale of concrete mix	707,464,827	434,167,095
	Rental income	-	95,750
		<u>707,464,827</u>	<u>434,262,845</u>
	Less: Discounts	-	1,018,244
		<u>707,464,827</u>	<u>433,244,601</u>
18	Cost of sales		
	Raw material and stores consumed	497,654,304	303,585,576
	Salaries, wages and other benefits	31,834,576	19,826,414
	Depreciation	13,250,863	9,316,144
	Fuel and power	35,149,010	25,973,577
	Repair and maintenance	16,184,226	9,255,874
	Employees old age benefit and social security	125,274	33,230
	Equipment hiring charges	50,986,404	25,100,331
	Carriage and freight	389,910	346,236
	Utility charges	-	105,282
	Insurance expenses	974,086	534,072
	Premises rent	3,231,434	3,012,856
	Site preparation and Sample testing	1,215,475	1,022,671
	Generator rent	563,641	227,520
		<u>651,559,203</u>	<u>398,339,783</u>

2012/11

	<i>Note</i>	2009 Rupees	2008 Rupees
19 Administrative expenses			
Director's remuneration		1,335,000	1,200,000
Salaries, wages and other benefits		9,889,328	5,309,746
Traveling and conveyance		1,254,399	1,227,699
Depreciation	4.2	1,581,609	1,365,600
Office rent		537,477	526,950
Auditors' remuneration		250,000	210,000
Sales Commission		3,105,106	914,550
Security expenses		324,000	331,500
Postage, telegram and telephones		922,820	376,393
Rent, rates and taxes		387,384	15,022
Insurance		373,160	447,722
Entertainment		106,904	489,496
Printing and stationery		446,452	297,045
Utilities		289,868	575,754
Boarding and lodging charges		58,300	66,215
Bad debts written off		1,611,504	-
Advertisement		53,142	63,420
Legal and professional fee		30,930	100,865
Repair and maintenance vehicle		1,037,297	582,424
Donation and charity		500,000	-
Worker's profit participation fund		1,422,350	825,910
Miscellaneous		409,369	385,180
		<u>25,926,399</u>	<u>15,311,491</u>
20 Finance cost			
Bank charges		67,123	135,508
Mark up expenses		13,910,593	6,621,159
Worker's welfare fund		586,060	-
<i>मि. ए. ए. ए.</i>		<u>14,563,776</u>	<u>6,756,667</u>

	2009 Rupees	2008 Rupees
21 Other operating income		
Income from financial assets		
Profit on deposit accounts	448,072	391,462
Income from assets other than financial assets		
Gain on sale of fixed assets	3,664,453	508,000
Miscellaneous income	7,496,671	1,956,172
	<u>11,609,196</u>	<u>2,855,634</u>
22 Provision for taxation		
Income tax - current	9,417,549	-
Deferred taxation	(6,711)	13,942,329
	<u>9,410,838</u>	<u>13,942,329</u>

23 Remuneration of Chief Executive and Directors

	Chief Executive		Directors	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	(-----Rupees-----)			
Remuneration	1,335,000	1,200,000	-	1,200,000
	<u>1,335,000</u>	<u>1,200,000</u>	<u>-</u>	<u>1,200,000</u>
No. of persons	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>

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

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24 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. Amounts due from and to related parties, if any, are shown under long term loans, advances, prepayments and other receivables and trade and other payables. Significant transactions with related parties are as follows:

	Note	2009 Rupees	2008 Rupees
Associated Companies:			
ABE Pak (Private) Limited:			
Purchase of goods		7,222,919	10,933,650
Kaizen Construction (Private) Limited:			
Sale of goods		5,093,086	6,206,137
Concrete pump hired		3,328,500	2,044,167
Balance receivable		122,061	-
Directors:			
Sale of goods to director		-	972,130
Loan from directors		27,000,000	30,000,000
Interest on loan from directors		3,371,834	1,600,273

25 Cash and cash equivalent

Cash and bank balances	9	9,557,690	19,885,753
Short term borrowings	11	(49,969,881)	(49,969,881)
		<u>(40,412,191)</u>	<u>(30,084,128)</u>

26 Date of authorization for issue

The financial statements were authorized for issue on 21 AUG 2009 by the board of directors of the company.

27 General

27.1 The figures have been rounded off to nearest rupee.

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

16/08/09

Lahore:

[Signature]
Chief Executive

[Signature]
Director