

Annual Report
2011




safe mix
Concrete Products Ltd.

SAFE MIX CONCRETE PRODUCTS LTD.

Vision Statement

Our vision is to be Pakistan's largest ready mix concrete supply company, signing under the prominent projects for tomorrow's world of business, harmonizing, innovative and progressive technology with the Company's experience and excellence in the quality of work.

Mission Statement

Safe Mix once a dream has shaped into reality, through conviction and untiring efforts to see it grow into a corporate Company with one of the principal market clientele.

The aim of the Company is to establish a platform for the transfer of foreign technology with forming the basis for further development in Pakistan.

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COMPANY INFORMATION

Board of Directors

Arif Habib - Chairman
Syed Yawar Ali
Nasim Beg
Bashir H. Ali Mohammad
Ziad Bashir
Asim Tiawana
Syed Maratib Ali - Chief Executive

Audit Committee

Syed Yawar Ali - Chairman
Nasim Beg
Ziad Bashir

Company Secretary & Chief Financial Officer

Wasiq Ilyas

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisor

Ibrahim Hossain
Advocates & Corporate Counsel

Bankers

Habib Metropolitan Bank Limited
Bank of Punjab
NIB Bank Limited

Registered Office

Plot # 1, 6 sector # 26, Bilal Chowrangi Korangi Industrial Area, Karachi.
Tel # +92 21 35074581
Fax # +92 21 35074603
www.safemixlimited.com

Shares Registrar

THK Associates (Private) Limited
Ground Floor, State Life Building No. 3,
Dr. Ziauddin Ahmed Road
Karachi

Notice of Annual General Meeting

Notice is hereby given that the sixth Annual General Meeting of the shareholders of Safe Mix Concrete Product Limited will be held at the Beach luxury hotel, Karachi on Monday, 24th October 2011 at 8:00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of last Annual General Meeting held on 26th October 2010.
2. To receive, consider and adopt the Audited Financial statements of the Company for the year ended 30th June 2011 together with the Directors' and Auditors' reports thereon.
3. To appoint Auditor for the financial year ending 30th June 2012 and to fix their remuneration. The present Auditors, Messrs KPMG Taseer Hadi & Co., Chartered Accountants, being eligible, offer themselves for re-appointment.
4. To consider any other business with the permission of the Chair.

By order of the Board

Karachi, 29th September 2011

Wasiq Ilyas
Company Secretary

Notes:

1. The share transfer book of the Company will remain closed from 18th October 2011 to 24th October 2011 (both days inclusive)
2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote for him/her. Proxy form is enclosed with the Annual report. A proxy must be a member of the Company. Proxies, in order to be effective, must be received at the Registered Office of the Company, duly stamped, signed and witnessed, not less than 48 (forty eight) hours before the meeting.
3. CDC account holders and sub-account holders are required to bring with them their National Identity Card along with the participants ID numbers and their account numbers in order to facilitate identification.
4. Members are request to notify the change in their addresses, if any, immediately to the share registrar of the Company, M/s THK Associates (Pvt.) Limited, Ground floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi 75530

Directors' Report

The Board of Directors of Safe Mix Concrete Products Limited present herewith audited financial statements for the year ended June 30, 2011.

Overview

During the year under review, the Company remained under pressure in the Karachi region where reduced margin, increased basic raw material prices, stiff competition in ready mix concrete market and liquidity problems in the market gave a tough time to achieve the desired results. In the Lahore region the Company got better margins which ultimately reflected better results as compared to the last year.

In current year the management in consultation with its auditors M/s KPMG Taseer Hadi & Co. changed the basis of recording depreciation of Batching plants and concrete / stationary pumps from yearly basis to units produced basis. This change is made to reflect the true and fair value of the assets.

The Company achieved sales of Rs. 502.19 million showing a decrease of 4.23% as compared to previous year.

Operating Results	Year Ended June 30	
	2011	2010
Loss before taxation	(13,173,397)	(4,512,233)
Taxation	8,206,971	(7,026,678)
Loss after taxation	(4,966,426)	(11,538,911)

Capital Structure

Shareholders fund at the yearend stood at Rs. 203.847 million as compared to last year which were at Rs. 208.813 million in the last year.

Accounting Standards

The accounting policies of the Company fully reflects the requirements of the Companies Ordinance 1984 and as such approved International Accounting Standards and International Financial Reporting Standards as have been notified under this ordinance as well as through directives issued by the Securities and Exchange Commission of Pakistan.

Capital Expenditure

The Company incurred a total expenditure of Rs. 2.3 million as addition to Plant and Machinery mainly adding Concrete Pump parts and other machinery.

Cash flow Strategy

The Company has an effective Cash Flow Management System in place whereby cash inflows and outflows are projected on regular basis.

Working capital requirements have been planned through internal cash generations and short term borrowings.

Audit Committee

The Board of Directors in compliance to the Code of Corporate Governance established an Audit committee which consists of non executive directors and following is the composition of the committee:

1. Syed Yawar Ali (Chairman)
2. Mr. Nasim Beg (Member)
3. Mr. Ziad Bashir (Member)

Auditors

The present auditors, M/S. KPMG Taseer Hadi & Co. Chartered Accountants are due to retire and being eligible, offer themselves for reappointment for the year 2011-2012.

Pattern of Shareholding

Pattern of shareholding whose disclosure is required under the reporting framework is attached to this report.

Director's statement

The directors confirm compliance with Corporate and Financial reporting framework of the SECP Code of Corporate Governance for the following:

- The financial statements Company present a true and fair state of affairs of the Company.
- Proper books of account have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Meetings of the Board of Directors

Four meetings of the board were held during the year. The attendance record of the Directors is as follows:

Name of the Directors	Meetings attended
Arif Habib	2/4
Bashir Ali Mohammad	2/4*
Syed Yawar Ali	4/4
Nasim Beg	4/4
Asim Tiwana	1/4**
Ziad Bashir	4/4
Syed Maratib Ali	4/4

* Mr. Nadim Shafiqullah attended two meetings as an alternate director

** Mr. Saadullah Tiwana attended one meeting as an alternate director

Statutory Payments

There are no outstanding statutory payment on account of taxes, duties and levies except of normal and routine charges.

Loss per Share

Loss per share for the year ended June 30, 2011 is Rs.0.25 as compared to loss per share for the same period of the last year of Rs. 0.96.

Future Outlook

In these difficult economic conditions both in the industry and the country, the Company is making efforts to secure some substantial projects which would have a positive impact on the future earnings of the company.

Acknowledgement

The Board would like to take the opportunity to express its appreciation to its customers, suppliers, employees for their dedication and hard work. The Board also acknowledges support and cooperation received from all other stakeholders.

Karachi: September 29, 2011

For and on behalf of the board



Syed Maratib Ali
Chief Executive Officer

Key Operating & Financial Data

	2011 Rupees	2010 Rupees	2009 Rupees	2008 Rupees
Revenue	502,190,123	524,383,105	707,464,827	433,244,601
Cost of sales	473,147,535	495,612,283	651,559,205	398,339,783
Gross profit	29,042,588	28,770,822	55,905,622	34,904,818
Selling and administrative expenses	35,572,648	27,047,021	24,504,049	15,311,491
Finance cost	13,390,554	11,670,140	13,977,716	6,756,667
(Loss) / Profit before taxation	(13,173,397)	(4,512,233)	27,024,643	15,692,294
(Loss) / Profit after taxation	(4,966,426)	(11,538,911)	17,613,805	1,749,965
Paid up Capital	200,000,000	200,000,000	70,000,000	70,000,000
Total Assets	322,253,644	326,019,325	286,790,925	269,163,452
Total Liabilities	118,406,740	117,205,994	167,417,260	167,403,594

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Karachi Stock Exchange Guarantee Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of non-executive directors on its Board of Directors. At present the Board includes six non-executive directors.
2. All the Directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident directors of the Company are registered taxpayers and none of them have defaulted in payment of any loan to a company, a DFI / NBFIL.
4. No casual vacancy occurred in the Board during the year 2011.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the Directors and employees of the Company.
6. The Board has developed a vision/mission statement and overall corporate strategy and significant policies.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer and Company Secretary have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman. During the year four board meetings were held and written notices of the board meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The board arranged orientation courses for its directors during the year to appraise them of their duties and responsibilities.
10. All related party transactions have been placed before the Audit Committee and have been approved by the Board of Directors. All transactions were made on terms equivalent to those that prevail in arm's length transactions.
11. The Directors' Report for the year ended 30th June 2011 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
13. The Directors, Chief Executive Officer and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholdings.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members, who are non executive directors including the Chairman of the committee.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code.
17. The Company has established an effective independent internal audit function.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the code have been complied with.

Syed Maratib Ali
Chief Executive

Karachi, 29th September 2011

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Safe Mix Concrete Products Limited ("the Company") to comply with the Listing Regulations of Karachi Stock Exchange where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code. As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control system sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2011.

Lahore

Date: 29th September 2011

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

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Safe Mix Concrete Products Limited ("the Company") as at 30 June 2011 and the related profit and loss account, statement of comprehensive income / (loss), 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, statement of comprehensive income, 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 2011 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Lahore

Date: 29th September 2011

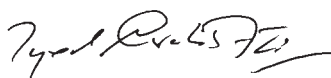
KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

BALANCE SHEET

AS AT 30 JUNE 2011

	Note	2011 Rupees	2010 Rupees
Non - current assets			
Fixed assets	4	189,647,041	201,884,739
Long term deposits	5	4,227,120	5,032,975
Current assets			
Stores and spares		3,106,739	1,144,034
Stock in trade	6	35,090,214	19,827,230
Trade debts	7	59,697,792	66,029,561
Advances, prepayments and other receivables	8	6,012,836	8,860,230
Tax refund due from Government		19,577,016	16,550,336
Cash and bank balances	9	4,894,886	6,690,219
		128,379,483	119,101,610
Current liabilities			
Trade and other payables	10	49,049,683	31,416,299
Accrued markup	11	2,938,654	2,232,700
Short term running finance - secured	12	41,487,898	42,249,522
Current portion of liabilities against assets subject to finance lease	14	1,782,792	1,935,792
		95,259,027	77,834,313
Net current assets		33,120,456	41,267,297
Non - current liabilities			
Long term loan - unsecured	13	15,000,000	15,000,000
Liabilities against assets subject to finance lease	14	2,784,947	5,780,042
Deferred liability - taxation	15	5,362,766	18,591,639
		203,846,904	208,813,330
Financed by:			
Share capital and reserves			
Issued, subscribed and paid up capital	17	200,000,000	200,000,000
Share premium		14,728,576	14,728,576
Accumulated loss		(10,881,672)	(5,915,246)
		203,846,904	208,813,330
Contingencies and commitments	16		

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



Lahore:

Chief Executive



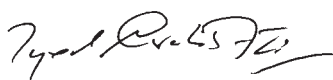
Director

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 Rupees	2010 Rupees
Revenue	18	502,190,123	524,383,105
Cost of sales	19	473,147,535	495,612,283
Gross profit		29,042,588	28,770,822
Selling and administrative expenses	20	35,572,648	27,047,021
Operating (loss) / profit		(6,530,060)	1,723,801
Finance cost	21	13,390,554	11,670,140
Other operating income	22	6,747,217	5,434,106
Loss before taxation		(13,173,397)	(4,512,233)
Taxation	23	(8,206,971)	7,026,678
Loss after taxation		(4,996,426)	(11,538,911)
Loss per share - basic and diluted	29	(0.25)	(0.96)

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



Lahore:

Chief Executive



Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 Rupees	2010 Rupees
Loss after taxation		(4,966,426)	(11,538,911)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		<u><u>(4,966,426)</u></u>	<u><u>(11,538,911)</u></u>

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



Lahore:

Chief Executive



Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 Rupees	2010 Rupees
Cash flow from operating activities			
Loss before taxation		(13,173,397)	(4,512,233)
Adjustments for non-cash items:			
Depreciation		11,677,635	15,757,316
Gain on sale of fixed assets		(518,448)	-
Provision for doubtful balances		10,417,679	-
Finance cost		13,390,554	11,670,140
		<u>34,967,420</u>	<u>27,427,456</u>
Operating profit before changes in working capital		21,794,023	22,915,223
Changes in working capital			
(Increase) / decrease in current assets			
Trade debts		(4,085,910)	23,612,756
Stock in trade		(15,262,984)	8,952,494
Stores and spares		(1,962,705)	(196,040)
Advances, prepayments and other receivables		2,022,394	(2,218,420)
		<u>(19,289,205)</u>	<u>30,150,790</u>
Increase / (decrease) in current liabilities			
Trade and other payables		17,633,384	(30,215,484)
Cash flow from operating activities		20,138,202	22,850,529
Taxes paid		(8,048,582)	(7,284,276)
Finance cost paid		(12,684,600)	(14,843,709)
Long term deposits		805,855	1,499,500
		<u>(19,927,327)</u>	<u>(20,628,485)</u>
Net cash generated from operating activities		210,875	2,222,044
Cash flow from investing activities			
Fixed capital expenditure		(2,376,489)	(84,774,863)
Proceeds from sale of fixed assets		4,280,000	-
Net cash generated from / (used in) investing activities		1,903,511	(84,774,863)
Cash flow from financing activities			
Proceeds from shares issue at premium		-	114,978,576
Dividend paid during the period		-	(14,000,000)
Repayment of loan		-	(12,000,000)
Repayment of liabilities against assets subject to finance lease		(3,148,095)	(1,572,869)
Net cash (used in) / generated from financing activities		(3,148,095)	87,405,707
Net (decrease) / increase in cash and cash equivalents		(1,033,709)	4,852,888
Cash and cash equivalents at beginning of the year		(35,559,303)	(40,412,191)
Cash and cash equivalents at the end of the year	27	(36,593,012)	(35,559,303)

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



Lahore:

Chief Executive



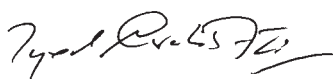
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

	Issued, subscribed and paid-up capital	Share deposit money	Share Premium reserve	Accumulated profit / (loss)	Total
	----- (Rupees) -----				
Balance as at 01 July 2009	70,000,000	29,750,000	-	19,623,665	119,373,665
Transactions with shareholders recognized directly in equity					
Share capital issued during the period	130,000,000	(29,750,000)	-	-	100,250,000
Share premium reserve	-	-	25,000,000	-	25,000,000
Share issuance expenses	-	-	(10,271,424)	-	(10,271,424)
Final dividend for the period ended 30 June 2009	-	-	-	(14,000,000)	(14,000,000)
	130,000,000	(29,750,000)	14,728,576	(14,000,000)	100,978,576
Changes in equity for the year ended 30 June 2010					
Total comprehensive loss for the year	-	-	-	(11,538,911)	(11,538,911)
Balance as at 30 June 2010	200,000,000	-	14,728,576	(5,915,246)	208,813,330
Total comprehensive loss for the year	-	-	-	(4,966,426)	(4,966,426)
Balance as at 30 June 2011	200,000,000	-	14,728,576	(10,881,672)	203,896,904

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



Lahore:

Chief Executive



Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

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. On 16th March, 2010 the Company was listed on Karachi Stock Exchange. 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 plot No. 1-6, Sector 26, Korangi Industrial Area, Karachi, Pakistan.

2 Statement of compliance

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Standard Board as are 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 the said directives shall prevail.

2.2 Functional and presentation currency

These financial statements are presented in Pakistani rupees which is also the Company's functional currency.

3 Significant accounting policies

3.1 Standards, Interpretations and Amendments not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2011:

- IAS 24 Related Party Disclosures (revised 2009) – (effective for annual periods beginning on or after 1 January 2011). The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The amendment would result in certain changes in disclosures.
- Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after 1 January 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on financial statements of the Company.
- Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. This amendment has no impact on Company's financial statements.
- Improvements to IFRSs 2010 – In May 2010 the IASB issued improvements to IFRSs 2010 which comprise of 11 amendments to 7 standards. Effective dates, early application and transitional requirements are addressed on a standard by standard basis. The majority of amendments are effective for annual periods beginning on or after 1 January 2011. The amendments include list of events or transactions that require disclosure in the interim financial statements, add an explicit statement that qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments and fair value of award credits under the customer loyalty programs to take into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits. Certain of these amendments will result in increased disclosures in the financial statements.

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation.
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the Company.
- Disclosures – Transfers of Financial Assets (Amendments to IFRS 7) - (effective for annual periods beginning on or after 1 July 2011). The amendments introduce new disclosure requirements about transfers of financial assets, including disclosures for financial assets that are not derecognised in their entirety; and financial assets that are derecognised in their entirety but for which the entity retains continuing involvement. The amendments have no impact on financial statements of the Company.

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention. In these financial statements, except for the amounts reflected in cash flow statement, all transactions have been accounted for on accrual basis.

3.3 Judgements, estimates and assumptions

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 is recognized prospectively commencing from the period of revision.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the period in which the estimate is revised if the revision effects 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
- Taxation
- Provisions and contingencies

3.3.1 Change in accounting estimate

Effective 01 July 2010, the Company has changed its method of charging depreciation on batching plants and concrete pumps included in plant and machinery from reducing balance method to units produced / transported to give a better presentation of the carrying value of these plants and concrete pumps. The change in accounting estimate has been recognized prospectively in financial statements in accordance with the requirements of IAS 8 "Accounting Policy, Change in Accounting Estimate and Errors".

Had there been no change in this estimate, the depreciation and profit before taxation for the year would have been higher and lower by Rs. 9.247 million respectively and aggregate carrying value of plant and machinery would have been decreased by the same amount.

3.4 Property, plant and equipment

Owned

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

Depreciation on operating fixed assets except for batching plants and concrete pumps included in plant and machinery is charged on reducing balance method whereby the cost of an asset is written over its estimated useful life at the rates given in note 4.1. Batching plants and concrete pumps are depreciated on the basis of units produced / transported.

Depreciation is charged from the month in which assets are put to use upto the month before the disposal of asset.

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.

Finance Lease

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are initially recognised at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

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.

Full month's depreciation is charged on leased assets additions, while no depreciation is charged in the month of disposal.

Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss

3.5 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 the profit and loss. 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 the profit and loss

3.6 Stock in trade

These are valued at the lower of cost and net realizable value. Cost is determined using weighted average method. Cost includes applicable purchase cost plus other directly attributable charges incurred thereon.

3.7 Stores and spares

These are valued at the lower of cost and net realizable value. Cost is determined using weighted average method. 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.

3.8 Trade debts

Trade debts 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.

3.9 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 is recognized on a time proportion basis.

3.10 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and balances with bank. Bank overdrafts/ short term borrowings that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalent for the purpose of cash flow statement.

3.11 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.

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 either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.12 Taxation

Income tax on the profit or loss for the year comprises of current and deferred tax.

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 provided using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

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

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realized or the liability settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

3.13 Borrowing costs

Markup, interest and other charges on borrowings are capitalized upto the date of commissioning of the related qualifying asset, acquired out of the proceeds of such borrowings. All other markup, interest and other charges are recognized as an expense in the period in which they are 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 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 Related party transactions

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

3.17 Borrowings

Borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortised cost using the effective yield method. Finance costs are accounted for on an accrual basis and are included in trade and other payables to the extent of the amount remaining unpaid.

3.18 Dividend and appropriations

Dividend and other appropriations are recognized in the period in which these are declared / approved.

	Note	2011 Rupees	2010 Rupees
4 Fixed assets			
Operating fixed assets	4.1	188,693,010	201,827,503
Capital work-in-progress	4.3	954,031	57,236
		189,647,041	201,884,739

4.1 Operating fixed assets

	Cost			Rate	Depreciation			Net Book value as at 30 June 2011
	As at 01 July 2010	Additions Transfers (Disposals) 2011	As at 30 June 2011		For the period	On Transfers disposal	As at 30 June 2011	
	(-----Rupees-----)			%	(-----Rupees-----)			
Owned:								
Building	3,988,592	29,025	-	5	491,969	175,929	-	667,898
Project temporary civil works	1,333,928	73,661	-	50	607,648	394,249	-	1,001,897
Plant and machinery	219,551,407	2,171,408	2,650,000 (4,745,007)	10 & units of production	35,723,934	9,282,320	797,749 (1,377,045)	44,426,958
Vehicles	7,696,785	-	- (1,004,146)	20	4,090,767	690,927	- (610,556)	4,171,138
Furniture and fixture	491,756	-	-	10	70,102	42,165	-	112,267
Computers	447,152	-	-	30	266,782	54,111	-	320,893
Electrical equipment	592,842	-	-	10	142,285	45,056	-	187,341
Office equipment	1,008,357	30,600	-	10	271,247	75,048	-	346,295
	235,110,819	2,304,694	2,650,000 (5,749,153)		41,664,734	10,759,805	797,749 (1,987,601)	51,234,687
								183,081,673
Leased:								
Plant and machinery	9,294,300	-	(2,650,000)	10	1,879,698	724,467 (797,749)	-	1,806,416
Vehicles	1,678,500	-	-	20	711,684	193,363	-	905,047
	10,972,800	-	(2,650,000)		2,591,382	917,830 (797,749)	-	2,711,463
	246,083,619	2,304,694	- (5,749,153)		44,256,116	11,677,635	- (1,987,601)	53,946,150
30 June 2011								188,693,010

	Cost			Rate %	Depreciation			Net Book value as at 30 June 2010	
	As at 01 July 2009	Additions Transfers (Disposals) 2010	As at 30 June 2010		As at 01 July 2009	For the period Transfers disposal 2010	On 30 June 2010		
	(-----Rupees-----)				(-----Rupees-----)				
Owned									
Building on freehold land	3,144,392	844,200	3,988,592	5	310,392	181,577	-	491,969	3,496,623
Project temporary civil works	576,071	757,857	1,333,928	50	576,071	31,577	-	607,648	726,280
Plant and machinery	135,978,046	83,573,361	219,551,407	10	22,374,316	13,349,618	-	35,723,934	183,827,473
Vehicles	7,657,785	39,000	7,696,785	20	3,216,076	874,691	-	4,090,767	3,606,018
Furniture and fixture	415,818	75,938	491,756	10	23,251	46,851	-	70,102	421,654
Computers	341,500	105,652	447,152	30	189,481	77,301	-	266,782	180,370
Electrical equipment	557,609	35,233	592,842	10	92,223	50,062	-	142,285	450,557
Office equipment	967,122	41,235	1,008,357	10	191,157	80,090	-	271,247	737,110
	149,638,343	85,472,476	235,110,819		26,972,967	14,691,767	-	41,664,734	193,446,085
Leased									
Plant and machinery	9,294,300	-	9,294,300	10	1,055,863	823,845	-	1,879,698	7,414,602
Vehicles	1,678,500	-	1,678,500	20	469,980	241,704	-	711,684	966,816
	10,972,800	-	10,972,800		1,525,833	1,065,549	-	2,591,382	8,381,418
30 June 2010	160,611,143	85,472,476	246,083,619		28,498,800	15,757,316	-	44,256,116	201,827,503

4.1.1 Disposal of property, plant and equipment

Description	2011						
	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain/(loss) on disposal	Mode of disposal	Sold to
----- Rupees -----							
Vehicles							
Toyota Car	1,004,146	610,556	393,590	1,080,000	686,410	Negotiation	Mr. Mustafa Ali
Plant and Machinery (Owned)							
Chiller Plant	2,095,007	579,296	1,515,711	1,400,000	(115,711)	Negotiation	Reliance Services Company
Generator	2,650,000	797,749	1,852,251	1,800,000	(52,251)	Negotiation	Reliance Services Company
	4,745,007	1,377,045	3,367,962	3,200,000	(167,962)		
2011	<u>5,749,153</u>	<u>1,987,601</u>	<u>3,761,552</u>	<u>4,280,000</u>	<u>518,448</u>		
2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		

	Note	2011 Rupees	2010 Rupees
4.2 The depreciation charge is allocated as follows:			
Cost of sales	19	10,567,908	14,380,716
Administrative expenses	20	1,109,727	1,376,600
		<u>11,677,635</u>	<u>15,757,316</u>

	2011 Rupees	2010 Rupees
4.3 Capital work-in-progress		
Laboratory room	129,031	57,236
Advance to supplier	825,000	-
	<u>954,031</u>	<u>57,236</u>

4.4 All present & future current and fixed assets of the Company are subject to a charge of Rs. 93.5 million (30 June 2010: Rs. 93.5 million) duly registered with SECP.

5 Long term deposits

		2011 Rupees	2010 Rupees
Deposits with leasing companies	5.1	820,780	1,085,480
Others	5.2	3,406,340	3,947,495
		<u>4,227,120</u>	<u>5,032,975</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 Stock in trade

Raw materials:

-Crush	12,181,574	8,492,256
-Sand	14,116,796	7,704,855
-Cement	4,872,722	2,706,789
-Admixture / Chemicals	3,483,674	705,641
-Diesel & lubricants	435,448	217,689
	<u>35,090,214</u>	<u>19,827,230</u>

	Note	2011 Rupees	2010 Rupees
7 Trade debts			
Considered good - <i>unsecured</i>	7.1	59,697,792	66,029,561
Considered doubtful - <i>unsecured</i>		10,417,679	-
		<u>70,115,471</u>	<u>66,029,561</u>
Less: Provision for doubtful balances	7.2	(10,417,679)	-
		<u>59,697,792</u>	<u>66,029,561</u>
7.1	These include following amounts due from related parties.		
Related party	Nature of relationship		
Kaizen Construction (Private) Limited	Common Directorship	89,536	306,431
		<u>89,536</u>	<u>306,431</u>
7.2 Movement in provision for doubtful balances			
Opening balance		-	-
Provision for the year		10,417,679	-
Closing balance		<u>10,417,679</u>	<u>-</u>
8 Advances, prepayments and other receivables			
Advances to staff - <i>unsecured, considered good</i>	8.1	2,011,537	2,165,184
Advances to suppliers - <i>unsecured, considered good</i>		3,183,590	3,672,512
Prepayments		353,411	1,922,622
Others receivables		464,298	1,099,912
		<u>6,012,836</u>	<u>8,860,230</u>
8.1	These represent advances given to employees against salary amounting to Rs. 1.398 million (2010: Rs. 0.927 million) and against expenses on behalf of the Company amounting to Rs. 0.613 million (2010: Rs. 1.238 million).		
9 Cash and bank balances			
Cash in hand		52,177	180,655
Cash at bank			
-Current accounts	9.1	4,793,381	6,457,947
-Deposit accounts	9.2	49,328	51,617
		<u>4,842,709</u>	<u>6,509,564</u>
		<u>4,894,886</u>	<u>6,690,219</u>
9.1	This includes bank balance amounting to Rs.4,777,057 (2010: Rs.3,344,331) maintained with Habib Metropolitan Bank Limited, a related party.		
9.2	These carry profit at the rate of 5% (2010: 4% to 5%) per annum.		
10 Trade and other payables			
Creditors	10.1	38,560,992	21,188,668
Advances from customers		1,386,963	1,636,349
Director's remuneration payable		115,000	57,500
Accrued expenses		4,828,283	5,438,816
Withholding tax payable		125,922	260,646
Worker's Welfare Fund	10.2	719,471	586,060
Worker's Profit Participation Fund	10.3	2,930,652	2,248,260
Other payables		382,400	-
		<u>49,049,683</u>	<u>31,416,299</u>
10.1	It includes the balance due to Abe Pak (Private) Limited and Thatta Cement Limited, related parties, amounting to Rs. 1.835 million (2010: Rs. 0.879 million) and nil (2010: Rs. 0.537 million) respectively.		

	Note	2011 Rupees	2010 Rupees	
10.2 Worker's Welfare Fund ("WWF")				
As at the beginning of the year		586,060	586,060	
Interest on funds utilized by the Company	10.2.1	133,411	-	
Charged to profit or loss for the year		-	-	
As at end of the year		719,471	586,060	
10.2.1 Interest on WWF is charged at 15.18% (2010: nil) per annum.				
10.3 Worker's Profit Participation Fund ("WPPF")				
As at the beginning of the year		2,248,260	2,248,260	
Interest on funds utilized by the Company	10.3.1	682,392	-	
As at end of the year		2,930,652	2,248,260	
10.3.1 Interest on WPPF is charged at 15.18% (2010: nil) per annum.				
11 Accrued markup				
Mark up on short term running finance - <i>secured</i>		2,488,654	1,782,700	
Mark up on long term loan - <i>unsecured</i>		450,000	450,000	
		2,938,654	2,232,700	
		Limit in millions of Rupees		
The Bank of Punjab	70.00	12.1	41,487,898	42,249,522
12.1 This represents utilized portion of short term running finance facility available from the Bank of Punjab under mark up arrangement. 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 Syed 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 14% per annum payable on quarterly basis.				
13 Long term loan	13.1	15,000,000	15,000,000	
13.1 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 loan has been specifically obtained to finance fixed capital expenditure requirements of the Company.				
14 Liabilities against assets subject to finance lease				
Present value of minimum lease payments		4,567,739	7,715,834	
Current maturity presented under current liabilities		(1,782,792)	(1,935,792)	
		2,784,947	5,780,042	

These represent plant and machinery and vehicles acquired under finance lease arrangements and are secured by specific charge on leased assets, joint ownership of leased assets with the lender and lien over documents of title. Rentals are paid monthly in advance. The leases are priced at rates ranging from 16% per annum to 23% per annum (2010: 16% per annum to 23% per annum). Under the terms of agreement, taxes, repairs, replacements and insurance costs in respect of assets subject to finance lease are borne by the Company. The Company also has the option to acquire these assets at the end of the respective lease terms and intends to exercise the option.

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

Years	Minimum lease payments	Future finance charge	Present value of Minimum lease payments	
			2011	2010
	----- Rupees -----			
Not later than one year	2,439,158	656,366	1,782,792	1,935,792
Later than one year but not later than five years	3,020,493	235,546	2,784,947	5,780,042
	<u>5,459,651</u>	<u>891,912</u>	<u>4,567,739</u>	<u>7,715,834</u>
		Note	2011 Rupees	2010 Rupees
15 Deferred liability - net				
The liability for deferred taxation comprises temporary differences relating to:				
Deferred tax liability				
Accelerated tax depreciation			23,765,257	21,292,250
Deferred tax assets				
Liability against assets subject to finance lease			(1,598,709)	(2,700,611)
Trade debtors			(3,646,188)	-
Unabsorbed tax credits		15.1	<u>(13,157,594)</u>	-
			<u>5,362,766</u>	<u>18,591,639</u>

15.1 Tax loss on account of unabsorbed depreciation amounting to Rs. 37.59 million is available to the Company's credit. Deferred tax asset in respect thereof has been recognized as availability of sufficient taxable profits in future tax years to absorb such loss is expected.

16 Contingencies and commitments

There are no significant contingencies and commitments at the balance sheet date (2010: Nil)

	Note	2011 Rupees	2010 Rupees
17 Share capital			
17.1 Authorized share capital:			
35,000,000 ordinary shares of Rs. 10 each		<u>350,000,000</u>	<u>350,000,000</u>
17.2 Issued, subscribed and paid-up capital			
		2011	2010
		-----Number of shares-----	
		<u>20,000,000</u>	<u>20,000,000</u>
		Fully paid ordinary shares of Rs.10 each issued for cash	
		<u>200,000,000</u>	<u>70,000,000</u>
18 Revenue			
Sale of concrete mix		<u>502,190,123</u>	<u>524,383,105</u>
19 Cost of sales			
Raw material and stores consumed		379,416,632	366,330,036
Salaries, wages and other benefits		29,175,332	30,358,109
Depreciation	4.2	10,567,908	14,380,716
Fuel and power		38,567,403	36,183,935
Repair and maintenance		5,692,417	6,750,989
Equipment hiring charges		2,745,602	34,429,554
Carriage and freight		473,381	345,221
Insurance expenses		2,999,742	2,083,918
Premises rent		2,899,997	2,699,996
Site preparation and sample testing		609,121	1,551,033
Generator rent		-	498,776
		<u>473,147,535</u>	<u>495,612,283</u>
20 Selling and administrative expenses			
Director's remuneration		1,380,000	1,265,000
Salaries, wages and other benefits		10,522,062	11,421,184
Traveling and conveyance		1,610,819	1,374,875
Depreciation	4.2	1,109,727	1,376,600
Office rent		1,101,912	1,037,619
Auditors' remuneration	20.1	400,000	395,000
Sales commission		1,899,756	3,160,589
Security expenses		332,500	348,301
Postage, telegram and telephones		729,087	980,895
Rent, rates and taxes		585,722	453,488
Insurance		880,147	399,057
Entertainment		205,613	166,823
Printing and stationery		876,907	488,226
Utilities		668,037	598,088
Boarding and lodging charges		409,600	932,054
Discount / Bad debts written off		-	119,437
Provision for doubtful balances		10,417,679	-
Advertisement		117,937	121,012
Legal and professional fee		904,230	432,300
Repair and maintenance vehicle		663,517	796,302
Donation and charity		-	615,816
Miscellaneous		757,396	564,355
		<u>35,572,648</u>	<u>27,047,021</u>

	Note	2011 Rupees	2010 Rupees
20.1 Auditor's remuneration			
Statutory audit		250,000	250,000
Half yearly review		125,000	125,000
Out of pocket expenses		25,000	20,000
		<u>400,000</u>	<u>395,000</u>
21 Finance cost			
Bank charges		153,168	116,675
Mark-up expense		12,421,583	11,553,465
Interest on Worker's Profit Participation Fund		682,392	-
Interest on Worker's Welfare Fund		133,411	-
		<u>13,390,554</u>	<u>11,670,140</u>
22 Other operating income			
<i>Income from financial assets</i>			
-Profit on deposit accounts		267,256	349,413
<i>Income from assets other than financial assets</i>			
-Gain on sale of fixed assets		518,448	-
-Miscellaneous income		5,961,513	5,084,693
		<u>6,747,217</u>	<u>5,434,106</u>
23 Taxation			
Income tax - current	23.1	5,021,902	2,621,916
Deferred taxation		(13,228,873)	4,404,762
		<u>(8,206,971)</u>	<u>7,026,678</u>

23.1 The current tax provision represents the minimum tax turnover for the year due under section 113 of the Income Tax Ordinance, 2001. Accordingly tax charge reconciliation has not been prepared.

24 Remuneration of Chief Executive and Directors

	Chief Executive		Director and Executives	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
Remuneration	1,380,000	1,265,000	11,999,360	11,519,935
	<u>1,380,000</u>	<u>1,265,000</u>	<u>11,999,360</u>	<u>11,519,935</u>
No. of persons	<u>1</u>	<u>1</u>	<u>12</u>	<u>14</u>

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

25 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

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

25.1 Credit risk

Credit risk represents the financial loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted and arise principally from long term deposits, trade debts and security deposits. Out of the total financial assets of Rs. 94.409 million (2010: Rs. 103.863 million) financial assets which are subject to credit risk amount to Rs. 84.844 million (2010: Rs. 84.510 million).

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties.

All investing transactions are settled / paid for upon delivery. The Company's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

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

	2011 Rupees	2010 Rupees
Long term deposits	4,227,120	5,032,975
Trade debts	70,115,471	66,029,561
Advances & other receivables	5,695,425	6,937,608
Bank balances	4,842,709	6,509,564
	<u>84,844,725</u>	<u>84,509,708</u>

All trade receivables are in domestic currency and the aging of trade receivables at the reporting date is:

Past due 1–30 days	18,938,278	26,573,027
Past due 31–60 days	14,579,158	10,166,883
Past due 61–90 days	7,181,675	1,430,118
Past due 90–180 days	4,871,471	9,007,061
Over 180 days	24,544,889	18,852,472
	<u>70,115,471</u>	<u>66,029,561</u>

	2011 Rupees	2010 Rupees
The aging of impairment loss against trade receivable:		
Past due 1–180 days	-	-
Over 180 days	10,417,679	-
	<u>10,417,679</u>	<u>-</u>
The movement in provision for impairment of receivables is as follows:		
Opening balance	-	-
Provision for the year	10,417,679	-
Written off during the period	-	-
Closing balance	<u>10,417,679</u>	<u>-</u>

25.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements and optimizing its cash return from operations. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation.

The following are the contractual maturities of financial liabilities, including expected interest payments and excluding the impact of netting agreements:

	2011		
	Carrying amount	Maturity upto one year	Maturity upto five years
	----- Rupees -----		
Long term loan	15,000,000	-	15,000,000
Liabilities against assets subject to finance lease	4,567,739	1,782,792	2,784,947
Trade and other payables	49,049,683	49,049,683	-
Accrued markup	2,938,654	2,938,654	-
Short term bank borrowings - secured	41,487,898	41,487,898	-
	<u>113,043,974</u>	<u>95,259,027</u>	<u>17,784,947</u>
	2010		
	Carrying amount	Maturity upto one year	Maturity upto five years
	----- Rupees -----		
Long term loan	15,000,000	-	15,000,000
Liabilities against assets subject to finance lease	4,567,739	1,782,792	2,784,947
Trade and other payables	49,049,683	49,049,683	-
Accrued markup	2,938,654	2,938,654	-
Short term bank borrowings - secured	41,487,898	41,487,898	-
	<u>113,043,974</u>	<u>95,259,027</u>	<u>17,784,947</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

25.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

a) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from receivables and payables that exist due to transactions in foreign currencies. The Company is not exposed to currency risk as all the operations of the Company are being carried out in local currency.

b) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable interest rates.

At the balance sheet date, the interest rate profile of the Company's interest bearing financial instruments is:

	2011	2010	2011	2010
	Effective rate (in Percentage)		Carrying amount (Rupees)	
Financial liabilities				
Variable rate instruments:				
Short term borrowings	15.59 to 16.30	14.84 to 15.10	<u>41,487,898</u>	<u>42,249,522</u>

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on short term borrowing at the year end date, fluctuate by 100 bps higher / lower with all other variables held constant, profit after taxation for the year 2011 and for 2010 would have been decreased / increased respectively by the following amounts as a result of increase / decrease in finance cost on the variable rate financial liabilities :

	2011 Rupees	2010 Rupees
Effect on Profit and loss	269,671	274,622

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

25.4 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

25.5 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

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 continue to provide returns for shareholders and benefits for other stakeholders, and
- b) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of the debt-to-equity ratio - calculated as a ratio of total debt to equity.

The debt-to-equity ratios as at 30 June 2011 and at 30 June 2010 were as follows:

	2011 Rupees	2010 Rupees
Total debt	15,000,000	15,000,000
Total equity and debt	218,846,904	223,813,330
Debt-to-equity ratio	6.85	6.70

Neither there were any changes in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

26 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	2011 Rupees	2010 Rupees
Associated Companies:			
ABE Pak (Private) Limited:			
Purchase of goods		<u>9,657,026</u>	<u>8,629,443</u>
Kaizen Construction (Private) Limited:			
Sale of goods		<u>-</u>	<u>5,764,174</u>
Concrete pump hired		<u>-</u>	<u>1,620,200</u>
IGI Insurance:			
Insurance premium		<u>2,084,659</u>	<u>2,619,563</u>
Thatta Cement Limited:			
Purchase of goods		<u>5,048,416</u>	<u>11,482,335</u>
Al-Abbas Cement Limited:			
Purchase of goods		<u>11,947,842</u>	<u>-</u>
Arif Habib Limited:			
Services rendered		<u>-</u>	<u>1,875,000</u>
Habib Metropolitan Bank Limited:			
Interest Income		<u>263,048</u>	<u>261,602</u>
Tax deducted at source		<u>74,985</u>	<u>174,754</u>
Bank charges		<u>9,236</u>	<u>16,649</u>
Lease finance charge		<u>117,717</u>	<u>162,671</u>
Directors:			
Interest on loan from directors		<u>1,800,000</u>	<u>2,731,180</u>
27 Cash and cash equivalent			
Cash and bank balances	9	<u>4,894,886</u>	<u>6,690,219</u>
Short term borrowings	12	<u>(41,487,898)</u>	<u>(42,249,522)</u>
		<u>(36,593,012)</u>	<u>(35,559,303)</u>

28 Plant capacity and actual production

The production capacity and the actual production achieved during the year are as follows:

	2011	2010
	-----Cubic meter-----	
Availability capacity		
Batching plant	<u>770,400</u>	<u>770,400</u>
	<u>770,400</u>	<u>770,400</u>
Actual production		
Batching plant	<u>102,783</u>	<u>102,971</u>
	<u>102,783</u>	<u>102,971</u>

The available capacity of the batching plant could not be fully utilized due to depressed activity in the construction industry.

	2011	2010
29 Loss per share - basic and diluted		
29.1 Loss per share - Basic		
Loss after tax	<i>Rupees</i> <u>(4,966,426)</u>	<u>(11,538,911)</u>
Weighted average number of ordinary shares	<i>Numbers</i> <u>20,000,000</u>	<u>12,073,973</u>
Loss per share - basic	<i>Rupees</i> <u>(0.25)</u>	<u>(0.96)</u>

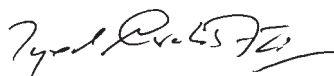
There is no dilution effect on the basic earnings per share as the Company has no such commitments.

30 Date of authorization for issue

The financial statements were authorized for issue on September 29, 2011 by the Board Of Directors of the Company .

31 General

The figures have been rounded off to nearest rupee.



ChiefExecutive



Director

Lahore:

PATTERN OF SHAREHOLDING

AS AT 30th JUNE 2011

NO. OF SHAREHOLDERS	FROM	TO	NO. OF SHARES	PERCENTAGE
9	1	100	1365	0.0068
403	101	500	199545	0.9977
140	501	1000	136125	0.6806
180	1001	5000	456376	2.2819
26	5001	10000	192281	0.9614
10	10001	15000	130753	0.6538
12	15001	20000	218732	1.0937
5	20001	25000	112500	0.5625
1	25001	30000	29153	0.1458
1	30001	35000	35000	0.1750
2	35001	40000	73581	0.3679
2	45001	50000	100000	0.5000
2	65001	70000	139498	0.6975
2	95001	100000	197144	0.9857
1	105001	110000	108435	0.5422
1	155001	160000	155423	0.7771
1	170001	175000	174304	0.8715
1	200001	205000	204049	1.0202
1	235001	240000	239999	1.2000
1	495001	500000	500000	2.5000
1	545001	550000	545057	2.7253
1	595001	600000	600000	3.0000
1	1050001	1055000	1052474	5.2624
1	1335001	1340000	1338144	6.6907
1	1500001	1505000	1503534	7.5177
1	1550001	1555000	1552111	7.7606
2	3050001	3055000	6104348	30.5217
1	3900001	3905000	3900069	19.5003
850	Company Total		20000000	100.0000

Category of Shareholders

Particulrs	No of Folio	Balance Share	PERCENTAGE
DIRECTORS,CEO&CHILDREN	8	10000000	50.0000
BANKS,DFI&NBFI	1	3900069	19.5003
GENERALPUBLIC(LOCAL)	824	3136087	15.6804
GENERALPUBLIC(FOREIGN)	2	1560611	7.8031
OTHERS	15	1403233	7.0162
	850	20000000	100.0000

PROXY FORM

I/We _____
of _____ (Full address)
being a member (s) of Safe Mix Concrete Products Limited and holding _____ Ordinary Shares
as per Share Register Folio No. _____
or CDC Participant I.D. No. _____ and Sub A/c. No. _____
hereby appoint Mr./Mrs./Miss _____ Folio No. _____
of _____ (Full address)
failing Mr./Mrs./Miss _____ Folio No. _____
of _____ (Full address)

another member of the Company to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 24, October 2011 and at any adjournment thereof.

As witness my/our hand this _____ day of _____ 2011

Signature of Member(s)

Please affix
Rs. 5/- Revenue
Stamp

Witness: _____

Witness: _____

Name: _____

Name: _____

CNIC No: _____

CNIC No: _____

Address: _____

Address: _____

1. A member entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint another member as his/her proxy to attend and vote instead of his/her. No person shall act as proxy (except for a Corporation) unless he/she is entitled to be present and vote in his/her own right.
2. The instrument appointing a proxy should be signed by the member(s) or by his/her attorney duly authorized, in writing, or if the member is a Corporation/Company either under the common seal, or under the hand of an officer or attorney so authorised.
3. This Proxy Form duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.

FOR CDC ACCOUNT HOLDERS/CORPORATE ENTITIES

CDC Shareholders and their proxies must each attach an attested photo copy of their National Identity Card or Passport with this proxy form.

The Proxy Form shall be witnessed by two persons whose names, addresses and NIC number shall be mentioned on the form.

In case of Corporate Entity, the Board of Directors Resolution/Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

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