Annual Report
2014

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.

CONTENTS

Company Information

Board of Directors
Mr. Nasim Beg - Chairman
Mr. Kashif A. Habib - Chief Executive Officer
Air Chief Marshal Tanvir Ahmed NI (M) SBT (R)
Mr. Asim Tiwana
Mr. Nadir Ali
Mr. Samad A. Habib
Mr. Zeshan Afzal*

Audit Committee
Air Chief Marshal Tanvir Ahmed NI (M) SBT (R) - Chairman
Mr. Nasim Beg - Member
Mr. Nadir Ali - Member

Human Resources & Remuneration Committee
Mr. Zeshan Afzal* - Chairman
Mr. Kashif A. Habib - Member
Mr. Nadir Ali - Member

Company Secretary
Mr. Mohammad Immad Ali

Chief Financial Officer
Syed Muhammad Talha

Auditors
KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisor
Minto & Mirza
Advocates & Corporate Counsel

Bankers
Bank Islami Pakistan Limited
Habib Metropolitan Bank Limited
The Bank of Punjab
Bank Alfalah 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

* Mr. Zeshan Afzal resigned from the Company subsequent to year end.

Safe Mix Concrete Products Limited
Notice of Annual General Meeting

Notice is hereby given that the ninth Annual General Meeting of the shareholders of Safe Mix Concrete Products Limited will be held at the Institute of Chartered Accountant of Pakistan, Karachi on Wednesday, 22nd October 2014 at 09:00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of last Annual General Meeting held on October 25, 2013.
2. To receive, consider and adopt the Audited Financial statements of the Company for the year ended 30th June 2014 together with the Directors' and Auditors' reports thereon.
3. To appoint Auditor for the financial year ending June 30, 2015 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.

SPECIAL BUSINESS

1. **CHANGE OF COMPANY'S NAME**

   To consider and if deem fit pass the following resolution as special resolution approving the change of name of the Company from "Safe Mix Concrete Products Limited" to "Safe Mix Concrete Limited" after obtaining regulatory approvals and to approve the necessary amendments in the Memorandum and Articles of Association of the Company as a consequence of change of name of the Company.

   "RESOLVED THAT the name of the Company be and is hereby changed from "Safe Mix Concrete Products Limited" to "Safe Mix Concrete Limited" as a consequence thereof, clause I (the name clause) of the Company's Memorandum of Association be and is hereby altered and replaced to read as follows subject to the approval of the regulatory authorities:

   The name of the Company is "Safe Mix Concrete Limited"

   "FURTHER RESOLVED THAT necessary changes in the Company's Articles of Association as a consequence of change of the name of the Company be and are hereby approved as per the comparative statement annexed to this Notice, subject to the approval of Regulatory authorities."

   "FURTHER RESOLVED THAT the Chief Executive Officer or Company Secretary or Chief Financial Officer or any other officer designated in this behalf by Chief Executive Officer be and are hereby authorized to take approval from concerned authorities, prepare and issue required circular and notices to the Karachi Stock Exchange, Security and Exchange Commission of Pakistan and shareholders with the prior approval of the Board."

STATEMENT UNDER SECTION 160 (1) (B) PERTAINING TO SPECIAL BUSINESS

1. **CHANGE OF COMPANY'S NAME**

   The Company was incorporated on April 4 2005 as a private limited company and was converted into public limited company on February 21, 2007. It was listed on Karachi Stock Exchange on March 16, 2010. The principal activity of the company is the production and supply of ready mix concrete. In order to better represent the principal activity the Company is engaged in i.e. the sole supply of ready mix concrete the word "Products" is being deleted from the Company's name. This will ensure to make it easier to remember the principal activity of the Company and will make it more prominent in line with market trend.

   The change of the name of the Company will not affect any rights or obligations of the Company or the interest of any shareholder or investor in any manner.

   The interest of the Directors and Chief Executive of the Company is only their being the Chief Executive, Director and shareholder of the Company.

Comparative Statement

Proposed change in Memorandum & Articles of Association

PRESENT PROVISIONS OF MEMORANDUM OF ASSOCIATION	AFTER CHANGE OF NAME FOLLOWING WILL BE APPLICABLE
Name	
I. The name of the Company is "Safe Mix Concrete Products Limited"	I. The name of the Company is "Safe Mix Concrete Limited"
PRELIMINARY clause 3a	
PRESENT PROVISIONS OF ARTICLE OF ASSOCIATION	**AFTER CHANGE OF NAME FOLLOWING WILL BE APPLICABLE**
The name of the Company is "Safe Mix Concrete Products Limited"	The name of the Company is "Safe Mix Concrete Limited"
PRELIMINARY clause 3e	
"Safe Mix Concrete Products Limited" means a company incorporated under the laws of Islamic Republic of Pakistan	"Safe Mix Concrete Limited" means a company incorporated under the laws of Islamic Republic of Pakistan

Karachi, October 01, 2014

By order of the Board
Immad Ali
Company Secretary

Notes:

1. Rights Shares: The Board of Directors have declared 25% rights shares i.e., 1 share for every 4 Ordinary shares held by the shareholders. Share Transfer books of the company will remain closed from October 16, 2014 to October 22, 2014 (both days inclusive) to determine the entitlement of right shares. Transfer received at THK associates (Pvt) Ltd. Ground Floor, State Life Building No. 3, Dr. Zia-uddin Ahmed Road, Karachi at the close of business on October 13, 2014 will be treated in time for the purpose of entitlement of right shares to the transferees.

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 (SMCPL) is pleased to present the Annual Report for the year ended June 30, 2014.

Overview

During the year under review, the company's revenues declined by 22% from Rs 646.488 million to Rs 506.199 million. This has resulted in Profit after Tax (PAT) of Rs 12.318 million as against PAT of Rs. 15.225 million last year. The decline is attributable to the fact that new competitors have entered into the market, thus reducing the market share of the company. In addition the Company undertook structural change initiatives including change in key personnel. These changes are expected to yield the results in the future. The Company has successfully managed to keep its profit before tax at approximately the same level as compared to last year. This has been the result of cost saving strategy adopted by the company during the year. Operational efficiencies, overhauling of existing transit mixers and induction of new transit mixers has brought fruitful result to the company resulting in a decrease in repair and maintenance cost by 44%. Further efficient use of available resources and better logistics planning has resulted in a decline in fuel and power expenses by 19%. Apart from adopting cost saving strategy the company is also determined to adopt new marketing strategy to capture the growing market of ready mix. Keeping in view the upcoming expansion plan, liquidity requirements and to reduce finance cost the board has not recommended any cash or stock dividend.

Operating Results	**Year Ended June 30**	
	2014	**2013**
	(-----Rupees-----)	
Profit before taxation	**7,802,121**	7,887,447
Taxation	**4,516,530**	7,338,430
Profit after taxation	**12,318,651**	15,225,877
EPS - Basic and diluted	**0.62**	0.76

Capital Structure

Shareholders fund at the year-end stood at Rs 224.637 million as compared to last year which was at Rs. 212.318 million at the end of year 2013.

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. 12.968 million as addition to Vehicles and Plant & Machinery mainly adding Carriage truck, 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. Air Chief Marshal Tanvir Ahmed NI (M) SBT (R) (Chairman)
2. Mr. Nasim Beg (Member)
3. Mr. Nadir Ali (Member)

Meetings of the Audit Committee

During the year 2013-14 four meetings of the audit committee were held and the number of meetings attended by each member is given hereunder:

Name of the Directors	Meetings attended
Air Chief Marshal Tanvir Ahmed NI (M) SBT (R)	4/4
Mr. Nasim Beg	3/4
Mr. Nadir Ali	4/4

Modification in Auditors Report - Emphasis

The auditors raised concern about the contingency relating to the levy of sales tax on the Company due to the fact that the exemption of ready mix concrete was withdrew by Federal Board of Revenue vide Finance Act 2011 through amendment in Serial No.35 of Table 1 of the Sixth Schedule of Sales Tax Act, 1990. However, the Management is of the view that the ready mix concrete is still exempt from levy of sales tax based on the fact that the said tax is levied on construction services and supply of goods whereas sale of concrete is neither a construction service nor supply of goods under section 2(39) of the Act and hence not taxable. In this regards the Directors of the Company has taken up the matter with FBR and has made comprehensive representations in this regard. Based on the legal opinion, the Directors are confident that the matter will be decided in Company's favor.

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 2014-2015.

Pattern of Shareholding

Pattern of shareholding whose disclosure is required under the listing regulations 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 prepared by the management of the Company present its state of affairs fairly, the result of its oprations, cashflows and changes in equity.
- 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

During the year 2013-14 four meetings of the board were held and the number of meetings attended by each Director is given hereunder:

Name of the Directors	Meetings attended
Mr. Nasim Beg	2/4
Mr. Kashif A. Habib	4/4
Mr. Samad A. Habib	2/2
Mr. Asim Tiwana	1/4
Air Chief Marshal Tanvir Ahmed NI (M) SBT (R)	4/4
Mr. Zeshan Afzal	4/4
Mr. Nadir Ali	4/4

*Mr. Arif Habib and Syed Maratib Ali resigned from the Board of Directors during the year and Mr. Kashif A. Habib and Mr. Samad A. Habib were appointed in their place.

Leave of absence was granted to the Directors who could not attend the board meetings.

Meetings of the Human Resource and Remuneration Committee
During the year 2013-14 two meetings of the Human Resource and Remuneration Committee were held. Mr. Kashif A. Habib and Mr. Zeshan Afzal attended both the meetings.

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

Earnings per Share
Earnings per share for the year ended June 30, 2014 is Rs. 0.62 as compared to earnings per share for the same period of the last year of Rs. 0.76.

Future Outlook
Development work undertaken by the government with special focus on several infrastructure projects, constructing highways, dams, energy related projects and housing projects and enhanced spending by the private sector on construction activities have increased the demand in North and South sectors. As a result, we are hopeful to obtain better return to the shareholders in the near future. The Sindh Government has also supported the organized sector and has made it mandatory to use ready mix concrete for all Ground plus five buildings. To cater to the demand, the Company has also inducted new transit mixers in Karachi. This will not only increase delivery capacity of the Company but will also add more value to the Company and for the shareholders.

Director's Training Program
Mr. Samad A. Habib participated in Corporate Governance Leadership Skills - Directors' education program arranged by Pakistan Institute of Corporate Governance.

Trading in Company's Share by Directors and Executives
During the year no trade in the shares of the Company was carried out by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and other Executives of the Company and their spouses and minor children except as detailed below:

Name	Designation	Ordinary Shares	
		Shares Sold	Shares Bought
Mr. Kashif Habib	Chief Executive Officer	-	896,834
Mr. Asim Tiwana	Director	-	172,500

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 management of the Company would also like to thank all the financial institutions, Securities and Exchange Commission of Pakistan (SECP), Karachi Stock Exchange (KSE) for their continued support and guidance.

For and on behalf of the board

Nasim Beg
Chairman

Karachi: September 30, 2014

KEY OPERATIONAL & FINANCIAL DATA

	2014	2013	2012	2011	2010	2009
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Revenue	**506,199,046**	646,488,473	566,124,208	502,190,123	524,383,105	707,464,527
Cost of sales	**466,533,714**	606,656,918	537,201,896	473,147,535	495,612,283	651,559,205
Gross Profit	**39,665,332**	39,831,555	28,922,312	29,042,588	28,770,822	55,905,322
Selling and administrative expenses	**27,826,483**	28,483,362	25,770,323	35,572,648	27,047,021	24,504,049
Finance cost	**8,067,563**	9,403,233	11,871,773	13,390,554	11,670,140	13,977,716
Profit / (Loss) before tax	**7,802,121**	7,887,447	(1,031,425)	(13,173,397)	(4,512,233)	27,024,643
Profit / (Loss) after tax	**12,318,651**	15,225,877	(6,754,736)	(4,966,426)	11,538,911	17,613,805
Paid up Capital	**200,000,000**	200,000,000	200,000,000	200,000,000	200,000,000	70,000,000
Total Assets	**413,500,045**	346,208,180	328,989,914	322,253,644	326,019,325	286,790,925
Total Liabilities	**165,603,564**	133,890,135	131,897,746	118,406,740	117,205,994	167,417,260

Pattern of Shareholding

As On 30/06/2014

NO. OF SHAREHOLDERS	<---- HAVING SHARES ---->		SHARES HELD	PERCENTAGE
	From	To		
101	1	100	1,767	0.0088
255	101	500	125,135	0.6257
91	501	1000	89,438	0.4472
88	1001	5000	243,849	1.2192
18	5001	10000	133,167	0.6658
7	10001	15000	88,000	0.44
5	15001	20000	92,985	0.4649
3	20001	25000	68,500	0.3425
4	25001	30000	113,653	0.5683
1	30001	35000	35,000	0.175
1	45001	50000	50,000	0.25
2	50001	55000	106,000	0.53
2	55001	60000	116,000	0.58
1	65001	70000	66,555	0.3328
1	100001	105000	101,914	0.5096
1	155001	160000	155,423	0.7771
2	495001	500000	1,000,000	5
1	545001	550000	546,500	2.7325
1	595001	600000	600,000	3
1	915001	920000	916,834	4.5842
1	1365001	1370000	1,366,644	6.8332
1	1595001	1600000	1,600,000	8
1	1775001	1780000	1,777,648	8.8882
1	1995001	2000000	1,995,500	9.9775
1	2300001	2305000	2,303,202	11.516
1	6305001	6310000	6,306,286	31.5314
592		**Company Total**	**20,000,000**	**100**

CATEGORY OF SHAREHOLDERS

As on 30/06/2014

Particulars	No of Folio	Balance Share	Percentage
DIRECTORS, SPONSORS CEO & CHILDREN	7	6,365,828	31.8291
ASSOCIATED COMPANIES	5	9,973,286	49.8664
CORPORATE SHAREHOLDERS	6	855,952	4.2798
GENERAL PUBLIC (LOCAL)	574	2,804,934	14.0247
Company Total	592	20,000,000	100.0000

LIST OF SHAREHOLDERS HOLDING 5% AND ABOVE SHARES

As on 30/06/2014

Sr. No.	NAME	NO. OF SHARES
1	KAIZEN CONSTRUCTION (PVT) LTD	1,995,500
2	MOHAMMAD ASIM TIWANA	1,777,648
3	ARIF HABIB LIMITED	6,306,286
4	ABDUS SAMAD	2,303,202
5	ARIF HABIB	1,366,644
6	ROTOCAST ENGINEERING CO. (PVT) LTD	1,600,000
	Total	**15,349,280**

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No.35 of listing regulations of Karachi Stock Exchange 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 CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	**Names**
Independent Director	Air Chief Marshal Tanvir Ahmad NI (M) SBT (R)
Executive Director	Mr. Kashif A. Habib
Non-Executive Directors	Mr. Samad A. Habib, Mr. Nasim Beg, Mr. Asim Tiwana, Mr. Nadir Ali and Mr. Zeshan Afzal*

The independent director meets the criteria of independence under clause i (b) of the CCG.

* Mr. Zeshan Afzal was director of the Company for the FY 2013-14 and resigned from directorship post year-end on September 01, 2014.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. A casual vacancy occurred on the Board on July 09, 2013 due to resignation of Mr. Arif Habib from the Board and the same was filled up by appointment of Mr. Kashif A. Habib on September 10, 2013. Moreover, another casual vacancy was created on the Board on December 27, 2013 due to resignation of Syed Maratib Ali which was filled up by the appointment of Mr. Samad A. Habib on February 27, 2014.

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures. The Company is in the process of updating its website.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

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 CEO, other executive and non-executive directors, have been taken by the board/shareholders. The Board is in the process of establishing a mechanism for evaluation of its performance and defining a level of materiality.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. 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. Mr. Samad A. Habib participated in Corporate Governance Leadership Skills - Directors' education program arranged by Pakistan Institute of Corporate Governance. The Company plans to arrange certification of other directors in the coming years.

10. The board has approved appointments, remuneration and terms and conditions of employment of CFO, Company Secretary and Head of Internal Audit.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises of three members, of whom two are non-executive directors and the chairman of the committee is an independent director.

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 CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises of three members, majority of whom including the chairman are non-executive directors.

18. The board has set up an effective internal audit function. The staff is considered to be suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, 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.

20. 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.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

23. We confirm that all other material principles enshrined in the CCG have been complied with.

Nasim Beg
Chairman

Karachi : September 30, 2014

KPMG

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
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Karachi. 75530

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Review Report to the Members on Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of **Safe Mix Concrete Products Limited** ("the Company") for the year ended 30 June 2014 to comply with the requirements of Listing Regulations No(s) 35 of Karachi Stock Exchange where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2014.

KPMG Taseer Hadi & Co

Date: 30 September 2014

Karachi

KPMG Taseer Hadi & Co
Chartered Accountants
Mohammad Mahmood Hussain

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Chartered Accountants
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Telephone + 92 (21) 3568 5847
Fax + 92 (21) 3568 5095
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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 2014 and the related profit and loss account, statement of comprehensive income, 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 accounts 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 accounts 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 2014 and of the profit, other 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).

We draw attention to note 18.1.2 to the financial statements which describes the uncertainty relating to the levy of sales tax on the Company. Our opinion is not qualified in respect of this matter.

Date: 30 September 2014

Karachi

KPMG Taseer Hadi & Co
Chartered Accountants
Mohammad Mahmood Hussain

Safe Mix Concrete Products Ltd.

Safe Mix Concrete Products Limited
Balance Sheet
As at 30 June 2014

	Note	2014	2013
ASSETS		(-----Rupees-----)	
Non - current assets			
Property, plant and equipment	4	**211,919,457**	183,493,759
Long term deposits	5	**9,783,300**	3,411,340
Deferred taxation	6	**6,349,716**	5,260,556
		228,052,473	192,165,655
Current assets			
Stores and spares		**4,926,416**	3,335,631
Stock in trade	7	**18,068,912**	14,652,635
Trade debts - unsecured	8	**110,943,597**	100,767,583
Advances, prepayments and other receivables	9	**8,332,767**	3,168,653
Taxation - net	10	**40,542,243**	29,528,126
Cash and bank balances	11	**2,633,637**	2,589,897
		185,447,572	154,042,525
TOTAL ASSETS			
		413,500,045	346,208,180
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
35,000,000 ordinary shares of Rs. 10 each		**350,000,000**	350,000,000
Issued, subscribed and paid-up capital	12	**200,000,000**	200,000,000
Share premium		**14,728,576**	14,728,576
Accumulated profit / (loss)		**9,908,120**	(2,410,531)
		224,636,696	212,318,045
Liabilities			
Non - current liabilities			
Liabilities against assets subject to finance lease	13	**23,259,785**	-
Current liabilities			
Trade and other payables	14	**89,259,672**	93,968,074
Accrued markup	15	**1,778,932**	1,770,864
Short term running finance - secured	16	**62,531,496**	37,814,670
Current portion of liabilities against assets subject to finance lease - secured	13	**3,533,464**	336,527
Loan from related party	17	**8,500,000**	-
		165,603,564	133,890,135
TOTAL EQUITY AND LIABILITIES		**413,500,045**	346,208,180
Contingencies and commitments	18		

The annexed notes 1 to 34 form an integral part of these financial statements.

STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE,1984
The Chief Executive Officer of the Company being presently out of Pakistan, these financial statements have been signed by two directors as required under provisions of section 241(2) of the Companies Ordinance, 1984.

Director **Director**

Safe Mix Concrete Products Limited
Profit and Loss Account
For the year ended 30 June 2014

	Note	2014	2013
		(-----Rupees-----)	
Revenue	19	**506,199,046**	646,488,473
Cost of sales	20	**(466,533,714)**	(606,656,918)
Gross profit		**39,665,332**	39,831,555
Selling and administrative expenses	21	**(27,826,483)**	(28,483,362)
Finance cost	22	**(8,067,563)**	(9,403,233)
Other operating income	23	**4,030,835**	5,942,487
Profit before taxation		**7,802,121**	7,887,447
Taxation	24	**4,516,530**	7,338,430
Profit after taxation		**12,318,651**	15,225,877
Earnings per share - basic and diluted	32	**0.62**	0.76

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Director **Director**

Safe Mix Concrete Products Limited
Statement of Comprehensive Income
For the year ended 30 June 2014

	2014	2013
	(-----Rupees-----)	
Profit after taxation	**12,318,651**	15,225,877
Other comprehensive income for the year	**-**	-
Total comprehensive income for the year	**12,318,651**	15,225,877

The annexed notes 1 to 34 form an integral part of these financial statements.

STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE,1984
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Director | **Director**

Safe Mix Concrete Products Limited
Cash Flow Statement
For the year ended 30 June 2014

	Note	2014	2013
		(-----Rupees-----)	
Cash flow from operating activities			
Profit before taxation		**7,802,121**	7,887,447
Adjustments for:			
Depreciation		**12,942,374**	15,168,693
Loss on sale of fixed assets		**571,547**	-
Assets written off		**-**	2,006,264
Finance cost		**8,067,563**	9,403,233
		21,581,484	26,578,190
		29,383,605	34,465,637
Changes in working capital			
(Increase) / decrease in current assets:			
Stores and spares		**(1,590,785)**	149,308
Stock in trade		**(3,416,277)**	12,967,633
Trade debts		**(10,176,014)**	(28,849,289)
Advances, prepayments and other receivables		**(5,164,114)**	845,432
		(20,347,190)	(14,886,916)
(Decrease) / increase in current liabilities:			
Trade and other payables		**(4,708,402)**	18,644,150
Cash flow from operating activities		**4,328,013**	38,222,871
Taxes paid		**(7,586,747)**	(9,938,689)
Finance cost paid		**(8,059,495)**	(10,002,129)
Long term deposits		**(6,371,960)**	808,780
		(22,018,202)	(19,132,038)
Net cash (used in) / generated from operating activities		**(17,690,189)**	19,090,833
Cash flow from investing activities			
Capital expenditure incurred		**(15,005,789)**	(11,958,383)
Proceeds from sale of fixed assets		**673,670**	-
Net cash used in investing activities		**(14,332,119)**	(11,958,383)
Cash flow from financing activities			
Loan from related party		**8,500,000**	-
Repayment of liabilities against assets subject to finance lease		**(1,150,778)**	(2,448,417)
Net cash generated from / (used in) financing activities		**7,349,222**	(2,448,417)
Net (decrease) / increase in cash and cash equivalents		**(24,673,086)**	4,684,033
Cash and cash equivalents at beginning of the year		**(35,224,773)**	(39,908,806)
Cash and cash equivalents at end of the year	*29*	**(59,897,859)**	(35,224,773)

The annexed notes 1 to 34 form an integral part of these financial statements.

STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE,1984

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Director **Director**

Safe Mix Concrete Products Limited
Statement of Changes in Equity
For the year ended 30 June 2014

	Issued, subscribed and paid-up capital	Share premium	Accumulated (loss) / profit	Total
	(--------------------------------Rupees	--------------------------------	--------------------------------	--------------------------------)
Balance as at 30 June 2012	200,000,000	14,728,576	(17,636,408)	197,092,168
Total comprehensive income for the year ended 30 June 2013	-	-	15,225,877	15,225,877
Balance as at 30 June 2013	**200,000,000**	**14,728,576**	**(2,410,531)**	**212,318,045**
Total comprehensive income for the year ended 30 June 2014	**-**	**-**	**12,318,651**	**12,318,651**
Balance as at 30 June 2014	**200,000,000**	**14,728,576**	**9,908,120**	**224,636,696**

The annexed notes 1 to 34 form an integral part of these financial statements.

STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE,1984
The Chief Executive Officer of the Company being presently out of Pakistan, these financial statements have been signed by two directors as required under provisions of section 241(2) of the Companies Ordinance, 1984.

Director | **Director**

safe mix
Concrete Products Ltd.

Safe Mix Concrete Products Limited
Notes to the Financial Statements
For the year ended 30 June 2014

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 the provisions of section 45 read with section 41(3) of the Companies Ordinance, 1984. On 16 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 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of and directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except otherwise disclosed.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is also the Company's functional currency and has been rounded to the nearest rupee.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions 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 the revision and future periods if the revision affects both current and future periods.

Information about judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates and assumptions with a significant risk of material adjustment in the future periods are included in following notes:

- Residual values and useful life of property, plant and equipment (note 3.1)
- Provision for taxation (note 3.9)

2.5 Amendments / interpretations to existing standards and forthcoming requirements

Standards, amendments or interpretations which became effective during the year

There were certain new standards, ammendments to the approved accounting standards and new interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), interpretations which became effective during the year but are not considered to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

New / revised accounting standards, amendments to published accounting standards, and interpretations that are 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 2014:

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation is not likely to have an impact on Company's financial statements.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The amendments are not likely to have an impact on Company's financial statements.

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments are not likely to have an impact on Company's financial statements other than increase in disclosures.

- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. This standard is not likely to have an impact on Company's financial statements.

- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. This standard is not likely to have an impact on Company's financial statements.

- IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. This standard is not likely to have an impact on Company's financial statements.

- IFRS 13 'Fair Value Measurement' effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. This standard is not likely to have an impact on Company's financial statements.

- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on Company's financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Company's financial statements.

- Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

  - IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition. The amendments are not likely to have an impact on Company's financial statements.

  - IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves. The amendments are not likely to have an impact on Company's financial statements.

- IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset. The amendments are not likely to have an impact on Company's financial statements.

- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. The amendments are not likely to have an impact on Company's financial statements.

- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination. The amendments are not likely to have an impact on Company's financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

Owned

Operating fixed assets are stated at historical cost less accumulated depreciation and accumulated 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 off 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 available for use upto the month before the disposal of asset except batching plants and concrete pumps.

Depreciation methods, residual values and the useful lives of the assets are reviewed 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 profit and loss 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 recognized 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 included in liabilities against assets subject to finance lease. The liabilities are classified as current and non-current 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. The interest element of the rental is charged to profit or loss account over the lease term.

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 profit and loss account.

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

Capital work in progress

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

3.2 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 account. 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 carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the asset in prior years. A reversal of the impairment loss is recognized in the profit and loss account.

3.3 Inventories

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. Write down in inventories is made for slow moving and obsolete items.

3.4 Trade debts

Trade and other receivables are carried at cost, which is the fair value of the consideration to be received, less provision for doubtful debts, if any. Doubtful debts are estimated on the basis of review of outstanding amounts at the year end. Bad debts are written off when identified.

3.5 Revenue recognition

Revenue from sale of ready mix concrete 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.

Markup income on deposits is recognized on a time proportion basis.

3.6 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.

3.7 Financial instruments

Financial assets and liabilities are recognized when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. Financial liabilities are derecognized 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. These financial assets and liabilities are subsequently measured at fair value or amortised cost using the effective interest rate method, as the case may be.

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset.

3.8 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.

3.9 Taxation

Income tax comprises of current and deferred tax.

Current

Provision for current year taxation is based on the taxable income determined in accordance with the prevailing law for taxation at the current rate of tax or one percent of turnover, whichever is higher, after taking into account applicable tax credits, rebates and exemptions available, 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 deductable temporary differences, unused tax loses 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.

3.10 Borrowing costs

Mark-up, 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 mark-up, interest and other charges are recognized in profit and loss account in the period in which they are incurred.

3.11 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.

3.12 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.

3.13 Dividend and appropriations

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

4 Property, plant and equipment

	Note	**2014**	2013
		(-----Rupees-----)	
Operating fixed assets	*4.1*	**201,539,594**	183,493,759
Capital work in progress	*4.3*	**10,379,863**	-
		211,919,457	183,493,759

4.1 Operating fixed assets

	2014											
	Cost					Depreciation					Net book value as at 30 June 2014	
Particulars	As at 01 July 2013	Additions	Transfers	Disposals	As at 30 June 2014	As at 01 July 2013	For the year	Transfers	On disposal	As at 30 June 2014		Rate
Owned												
Building	4,234,853	84,583	-	-	4,319,436	1,001,396	163,952	-	-	1,165,348	3,154,088	5%
Project civil works	1,897,372	9,595	-	-	1,906,967	1,408,204	249,382	-	-	1,657,586	249,381	50%
Plant and machinery	243,816,202	2,001,703	2,694,300	(2,070,000)	246,442,205	69,846,994	10,671,100	1,101,993	(959,088)	80,660,999	165,781,206	10% & units of production / transported
Vehicles	8,058,827	-	-	(600,000)	7,458,827	5,468,755	494,858	-	(465,695)	5,497,918	1,960,909	20%
Furniture and fixture	491,756	-	-	-	491,756	184,370	30,738	-	-	215,108	276,648	10%
Computers	921,294	407,157	-	-	1,328,451	522,843	182,136	-	-	704,979	623,472	30%
Electrical equipment	592,842	61,105	-	-	653,947	264,386	35,086	-	-	299,472	354,475	10%
Office equipment	1,049,957	23,958	-	-	1,073,915	478,084	58,186	-	-	536,270	537,645	10%
	261,063,103	2,588,101	2,694,300	(2,670,000)	263,675,504	79,175,032	11,885,438	1,101,993	(1,424,783)	90,737,680	172,937,824	
Leased												
Plant and machinery	2,694,300	27,984,000	(2,694,300)	-	27,984,000	1,088,612	946,181	(1,101,993)	-	932,800	27,051,200	10%
Vehicles	-	1,661,325	-	-	1,661,325	-	110,755	-	-	110,755	1,550,570	20%
	2,694,300	29,645,325	(2,694,300)	-	29,645,325	1,088,612	1,056,936	(1,101,993)	-	1,043,555	28,601,770	
Rupees	263,757,403	32,233,426	-	(2,670,000)	293,320,829	80,263,644	12,942,374	-	(1,424,783)	91,781,235	201,539,594	

	2013											
	Cost					Depreciation					Net book value as at 30 June 2013	
	As at 01 July 2012	Additions	Transfers	Disposals	As at 30 June 2013	As at 01 July 2012	For the year	Transfers	Assets written off	As at 30 June 2013		Rate
Owned												
Building	4,074,853	160,000	-	-	4,234,853	837,530	163,866	-	-	1,001,396	3,233,457	5%
Project civil works	1,407,589	489,783	-	-	1,897,372	1,204,743	203,461	-	-	1,408,204	489,168	50%
Plant and machinery	230,487,811	11,730,804	3,950,000	(2,352,413)	243,816,202	55,098,031	13,479,527	1,615,585	(346,149)	69,846,994	173,969,208	10% & units of production / transported
Vehicles	6,326,327	54,000	1,678,500	-	8,058,827	3,763,127	584,014	1,121,614	-	5,468,755	2,590,072	20%
Furniture and fixture	491,756	-	-	-	491,756	150,216	34,154	-	-	184,370	307,386	10%
Computers	768,943	152,351	-	-	921,294	394,059	128,784	-	-	522,843	398,451	30%
Electrical equipment	592,842	-	-	-	592,842	227,891	36,495	-	-	264,386	328,456	10%
Office equipment	1,038,957	11,000	-	-	1,049,957	415,561	62,523	-	-	478,084	571,873	10%
	245,189,078	12,597,938	5,628,500	(2,352,413)	261,063,103	62,091,158	14,692,824	2,737,199	(346,149)	79,175,032	181,888,071	
Leased												
Plant and machinery	6,644,300	-	(3,950,000)	-	2,694,300	2,290,204	413,993	(1,615,585)	-	1,088,612	1,605,688	10%
Vehicles	1,678,500	-	(1,678,500)	-	-	1,059,738	61,876	(1,121,614)	-	-	-	20%
	8,322,800	-	(5,628,500)	-	2,694,300	3,349,942	475,869	(2,737,199)	-	1,088,612	1,605,688	
Rupees	253,511,878	12,597,938	-	(2,352,413)	263,757,403	65,441,100	15,168,693	-	(346,149)	80,263,644	183,493,759	

4.1.1 Disposal of property, plant and equipment

Category		Original cost	Book value	Disposal/claim proceeds	Mode of disposal	Particulars of buyers /insurers
Plant and machinery		2,070,000	1,110,912	500,000	Negotiation	Peak Power Engineering
Vehicles		600,000	134,305	173,670	Insurance Claim	IGI Insurance Limited
2014	*Rupees*	**2,670,000**	**1,245,217**	**673,670**		
2013	*Rupees*	-	-	-		

4.2 The depreciation charge is allocated as follows:

	Note	**2014**	2013
		(-----Rupees-----)	
Cost of sales	*20*	**12,120,554**	14,247,857
Selling and administrative expenses	*21*	**821,820**	920,836
		12,942,374	15,168,693

4.3 This includes capital work in progress pertaining to Plant & Machinery, Vehicle and certain civil works amounting to Rs. 10,028,503, Rs. 40,000 and Rs 311,360.

5 LONG TERM DEPOSITS

	Note	2014	2013
Deposits against finance lease		**6,451,960**	-
Others	*5.1*	**3,331,340**	3,411,340
		9,783,300	3,411,340

5.1 These represent security deposits against rented premises and drinking water.

6 DEFERRED TAXATION

The asset / (liability) for deferred taxation comprises of temporary differences relating to:

	Note	2014	2013
Deferred tax liability			
Accelerated tax depreciation		**(28,876,959)**	(27,395,288)
Assets subject to finance lease		**(998,227)**	-
Deferred tax assets			
Liability against assets subject to finance lease		**-**	117,784
Unabsorbed tax credits	*6.1*	**36,224,902**	32,538,060
		6,349,716	5,260,556

6.1 Tax loss on account of unabsorbed depreciation amounting to Rs. 41.782 million and minimum tax credit amounting to Rs. 21.601 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 avail tax credit is expected.

	Note	2014	2013
		(-----Rupees-----)	

7 STOCK IN TRADE

Raw materials:			
- crush		**4,544,890**	4,870,173
- sand		**4,369,593**	2,809,538
- cement		**5,970,292**	5,856,602
- admixture / chemicals		**3,184,137**	1,116,322
		18,068,912	14,652,635

8 TRADE DEBTS - UNSECURED

Considered good		**110,943,597**	100,767,583

9 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Advances to staff	*9.1*	**1,669,537**	711,934
Advances to suppliers - unsecured, considered good		**3,757,343**	1,625,660
Prepayments		**951,430**	181,955
Security deposit with the leasing company		**-**	269,430
Other receivables		**1,954,457**	379,674
		8,332,767	3,168,653

9.1 These represent advances given to employees against expenses on behalf of the Company amounting to Rs. 0.84 million (2013: Rs. 0.499 million).

10 TAXATION - NET

Advanced taxation		**45,604,233**	32,760,568
Provision for taxation		**(5,061,990)**	(3,232,442)
		40,542,243	29,528,126

10.1 Income tax returns of the Company have been filed up to tax year 2013, which are deemed to be assessment orders under section 120 (1) of the Income Tax Ordinance, 2001 (the Ordinance). The Assistant Commissioner Inland Revenue (ACIR) has also issued a notice under section 177 of the Ordinance to conduct the audit of the affairs of the Company for the tax year 2011. The audit proceedings for the same have not yet commenced.

11 CASH AND BANK BALANCES

Cash in hand		**19,662**	224,622
Cash at bank			
- current accounts		**244,506**	161,159
- deposit accounts	*11.1*	**2,369,469**	2,204,116
		2,613,975	2,365,275
		2,633,637	2,589,897

11.1 These carry profit at the rate of 6 % (2013: 5 %) per annum.

12 SHARE CAPITAL

12.1 Authorised share capital:

	2014	2013
	(-----Rupees-----)	
35,000,000 ordinary shares of Rs. 10 each	**350,000,000**	350,000,000

12.2 Issued, subscribed and paid-up capital

2014	2013		2014	2013
(Number of shares)				
20,000,000	20,000,000	Fully paid ordinary shares of Rs. 10 each issued for cash	**200,000,000**	200,000,000

13 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2014	2013
Present value of minimum lease payments	**26,793,249**	336,527
Current maturity presented under current liabilities	**(3,533,464)**	(336,527)
	23,259,785	-

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

	Minimum Lease Payments	Future Finance Charge	Present value of minimum lease payments 2014	2013
	(Rupees)			
Not later than one year	**6,093,169**	**2,559,705**	**3,533,464**	336,527
Later than one year but not later than five years	**27,956,885**	**4,697,100**	**23,259,785**	-
	34,050,054	**7,256,805**	**26,793,249**	336,527

The Company has entered into Ijarah arrangements with a financial institution in respect of equipments and vehicles. Islamic Financial Accounting Standard (IFAS) No. 2 "Ijarah" was notified by SECP vide S.R.O. 431 (I) / 2007 on 22 May 2007. The said IFAS requires the Ujrah payments under such arrangements to be recognised as an expense over the ijarah term. The Company intends to acquire such assets at the end of the lease term and has consequently recorded such arrangements under International Accounting Standard -17 "Leases". The leases are priced at rates ranging from 13% per annum to 23% per annum (2013: 16% per annum to 23% per annum).

14 TRADE AND OTHER PAYABLES

		2014	2013
		(-----Rupees-----)	
Trade creditors		**64,879,142**	73,120,387
Advances from customers		**4,774,442**	8,310,942
Director's remuneration payable		**-**	115,000
Accrued expenses		**6,793,315**	5,663,047
Withholding tax payable		**451,645**	309,884
Workers' Welfare Fund (WWF)		**1,085,286**	926,059
Workers' Profit Participation Fund (WPPF)	*14.1*	**5,183,679**	4,183,604
Other payables		**6,092,163**	1,339,151
		89,259,672	93,968,074

14.1 Workers' Profit Participation Fund

	Note	2014	2013
		(-----Rupees-----)	
As at the beginning of the year		**4,183,604**	3,347,273
Interest on funds utilized by the Company	14.1.1	**593,026**	424,881
Charge for the year		**407,049**	411,450
As at end of the year		**5,183,679**	4,183,604

14.1.1 Interest on Workers' Profit Participation Fund is charged at 14.18% (2013: 12.69%) per annum.

15 ACCRUED MARK-UP

Mark-up on short term running finance	**1,778,932**	1,770,864

16 SHORT TERM RUNNING FINANCE - SECURED

	Limit in millions of Rupees			
The Bank of Punjab	*70.00*	16.1	**62,531,496**	37,814,670

16.1 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 for Rs. 93.5 million registered with Securites and Exchange Commission of Pakistan. It carries mark-up at the rate of 3 months average KIBOR plus 200 bps (2013: 3 months average KIBOR plus 200 bps) with a floor of Nil (2013: 13%) per annum payable on quarterly basis.

17 LOAN FROM RELATED PARTY

This represents interest free loan obtained from Mr. Arif Habib repayable on demand.

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

18.1.1 Building blocks of cement including ready mix concrete blocks were exempt from levy of sales tax by Federal Board of Revenue ("FBR") vide an amendment by Finance Act 2008 in Serial No. 35 of Table 1 of the Sixth Schedule read with section 13(1) of the Sales Tax Act, 1990 ("the Act"). However, sales tax audit of the Company was initiated vide letter No 505-5 on 21 December 2010 for tax period 2007-08. As a consequence certain observations were issued vide letter dated 14 January 2011 involving a sales tax liability amounting to Rs. 105.257 million. Resultantly, the Company applied to the Honorable Lahore High Court ("LHC") against the Sales tax audit on the grounds that it is exempt from levy of sales tax under Serial No. 35 of Table 1 of Sixth Schedule of the Act. A stay order was granted by the Court on 24 January 2011 and since then there has been no development in this case. The Company is confident that it has a strong case and the outcome will be in favor of the Company.

18.1.2 FBR vide Finance Act 2011 withdrew amendment of Serial No. 35 of Table 1 of the Sixth Schedule of the Act with effect from 04 June 2011. However, the management is of the view that ready mix concrete is still exempt from levy of sales tax based on the fact that the said tax is levied on construction services and supply of goods whereas sale of concrete is neither a construction service nor supply of goods under section 2(39) of the Act and hence not taxable. The Company has taken up the matter with FBR and has made comprehensive representations in this regard. The companies exposure in this respect amounts to Rs. 154.006 million for tax years 2012-2014. Based on the legal opinion, the management is expecting a favourable outcome and accordingly no provision in this respect has been made in these financial statements.

18.1.3 Section 113(2)(c) of the Income Tax Ordinance, 2001 was interpreted by a Divisional Bench of the Sindh High Court (SHC) in the Income Tax Reference Application (ITRA) No. 132 of 2011 dated 7 May 2013, whereby it was held that the benefit of carry forward of minimum tax is only available in the situation where the actual tax payable in a tax year is less than minimum tax.

Therefore, where there is no tax payable, interalia, due to brought forward tax losses, minimum tax could not be carried forward for adjustment with future tax liability. The Company has carried forward minimum tax of current and previous years amounting to Rs. 21.601 million and the Company expects to adjust the amount against the future taxable profits. The management is of the view that the interpretation of SHC has been challenged in the Supreme Court of Pakistan and they are waiting for its final outcome.

18.2 Commitments

There are no commitments at the balance sheet date (2013: Nil).

19 REVENUE

	Note	2014	2013
		(-----Rupees-----)	
Sale of concrete mix		**506,199,046**	630,779,385
Toll manufacturing income		-	15,709,088
		506,199,046	646,488,473

20 COST OF SALES

	Note	2014	2013
Raw material and stores consumed		**328,372,926**	446,937,158
Salaries, wages and other benefits		**36,963,257**	37,049,113
Depreciation	*4.2*	**12,120,554**	14,247,857
Fuel and power		**60,348,038**	74,512,917
Repair and maintenance		**6,967,507**	12,338,496
Equipment hiring charges		**10,669,491**	13,465,254
Carriage and freight		**3,717,720**	479,086
Insurance expenses		**1,769,151**	2,503,611
Premises rent		**5,530,441**	4,860,000
Site preparation and sample testing		**74,629**	263,426
		466,533,714	606,656,918

21 SELLING AND ADMINISTRATIVE EXPENSES

	Note	2014	2013
Salaries, wages and other benefits		**15,509,904**	10,431,273
Traveling and conveyance		**1,209,787**	1,682,919
Depreciation	*4.2*	**821,820**	920,836
Office rent		**541,200**	1,372,600
Auditors' remuneration	*21.1*	**685,000**	500,000
Sales commission	*21.2*	**2,846,928**	3,706,589
Security expenses		**176,380**	426,191
Postage, telegram and telephones		**553,527**	715,182
Rent, rates and taxes		**870,508**	1,099,701
Insurance		**193,807**	598,983
Entertainment		**294,308**	346,923
Printing and stationery		**668,748**	638,508
Utilities		**814,435**	583,484
Boarding and lodging charges		**61,386**	514,000
Assets written off		**-**	2,006,264
Advertisement		**188,897**	549,252
Legal and professional fee		**621,700**	261,500
Repair and maintenance vehicle		**635,219**	475,682
Miscellaneous		**1,132,929**	1,653,475
		27,826,483	28,483,362

	Note	2014	2013
		(-----Rupees-----)	

21.1 Auditors' remuneration

Statutory audit and other certifications		**525,000**	340,000
Half yearly review		**125,000**	125,000
Out of pocket expenses		**35,000**	35,000
		685,000	500,000

21.2 This includes sales commission of Rs. 2,756,128 (2013: Rs. 3,260,624) related to Karachi Metropolitan Corporation.

22 FINANCE COST

Bank charges		**77,317**	149,421
Mark-up expense		**7,397,220**	8,724,623
Interest on WPPF and WWF	*14.1*	**593,026**	529,189
		8,067,563	9,403,233

23 OTHER OPERATING INCOME

Income from financial assets			
- profit on deposit accounts		**475,306**	568,566
Income / (loss) from assets other than financial assets			
- loss on sale of fixed assets	*4.1.1*	**(571,547)**	-
- miscellaneous income		**4,127,076**	5,373,921
		4,030,835	5,942,487

24 TAXATION

Income tax			
- Current	*24.1*	**5,061,990**	3,232,442
- Prior		**(8,489,360)**	-
Deferred taxation		**(1,089,160)**	(10,570,872)
		(4,516,530)	(7,338,430)

24.1 Provision for current tax has been made in accordance with section 113 of the Income Tax Ordinance, 2001 ("the Ordinance"). There is no relationship between tax expense and accounting profit as the provision for current taxation is based on turnover tax therefore no numerical reconciliation has been presented.

25 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2014		
	Chief Executive	**Directors (Non- executive)**	**Executives**
	------------- (Rupees) -------------		
Remuneration	**1,769,033**	**-**	**14,699,418**
Meeting fee	**-**	**115,000**	**-**
Total	**1,769,033**	**115,000**	**14,699,418**
Number of persons	**1**	**1**	**11**

	2013		
	Chief Executive	Directors (Non- executive)	Executives
	------------- (Rupees) -------------		
Remuneration	1,340,000	-	5,151,999
Meeting fee	-	50,000	-
Total	1,340,000	50,000	5,151,999
Number of persons	1	1	7

No other benefits are being paid by the Company other than those mentioned above.

26 NUMBER OF EMPLOYEES

The average number of employees during the year and as at reporting date are as follows:

	2014	2013
	(Number of employees)	
Average number of employees during the year	**149**	140
Total number of employees as at June 30	**154**	144

27 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.

27.1 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 deposits and trade debts. Out of the total financial assets of Rs. 125.315 million (2013: Rs. 108.130 million) financial assets which are subject to credit risk amount to Rs. 125.295 million (2013: Rs. 107.905 million).

To manage exposure to credit risk in respect of trade debts, 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.

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 manages its exposure to concentration of credit risk arising out of trade debts through credit reviews taking into account the customer's financial position and by making sales against advanced receipts.

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:

	2014	2013
Loans and advances	(-----Rupees-----)	
Long term deposits	**9,783,300**	3,411,340
Trade debts	**110,943,597**	100,767,583
Advances and other receivables	**1,954,457**	1,361,038
Bank balances	**2,613,975**	2,365,275
	125,295,329	107,905,236

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

Not past due	**46,371,569**	50,694,540
Past due 0 – 180 days	**40,734,988**	43,128,762
Over 180 days	**23,837,040**	6,944,281
	110,943,597	100,767,583

Based on past experience the management believes that no impairment allowance is necessary in respect of trade debts and there are reasonable grounds to believe that the amounts will be recovered in normal course.

The Company's five significant customers account for Rs. 40.042 million (2013: Rs 36.416 million) of trade debts as at the reporting date. Exposure to any single customer does not exceed 26 % (2013: 12 %) of trade debts as at the reporting date.

Credit quality of major financial assets

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (where available) or to historical information about counterparty default rate:

	Rating		Rating	2014	2013
Banks	**Long term**	**Short term**	**Agency**	(------Rupees------)	
Bank of Punjab	AA-	A1+	PACRA	**48,936**	54,046
Bank Alfalah Limited	AA	A1+	PACRA	**87,387**	7,113
Habib Metropolitan Bank Limited	AA+	A1+	PACRA	**2,460,837**	2,304,116
Bank Islami Pakistan Limited	A	A1	PACRA	**8,183**	-
				2,605,343	2,365,275

27.2 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:

	2014			
	Carrying amount	**Contractual maturities**	**Maturity upto one year**	**Maturity upto five years**
	------------------------------ (Rupees) ------------------------------			
Trade and other payables	**89,259,672**	**89,259,672**	**89,259,672**	**-**
Accrued mark-up	**1,778,932**	**1,778,932**	**1,778,932**	**-**
Short term bank borrowings	**62,531,496**	**62,531,496**	**62,531,496**	**-**
Liabilities against assets subject to finance lease	**26,793,249**	**34,050,054**	**6,093,169**	**27,956,885**
Loan from related party	**8,500,000**	**8,500,000**	**8,500,000**	**-**
	188,863,349	**196,120,154**	**168,163,269**	**27,956,885**

	2013			
	Carrying amount	Contractual maturities	Maturity upto one year	Maturity upto five years
	------------------------------ (Rupees) ------------------------------			
Trade and other payables	93,968,074	93,968,074	93,968,074	-
Accrued mark-up	1,770,864	1,770,864	1,770,864	-
Short term bank borrowings	37,814,670	37,814,670	37,814,670	-
Liabilities against assets subject to finance lease	336,527	337,815	337,815	-
Loan from related party	-	-	-	-
	133,890,135	133,891,423	133,891,423	-

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

27.3 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:

	2014	2013	2014	2013
	Effective rate (Percentage)		**Carrying amount (Rupees)**	
Financial liabilities				
Variable rate instruments:				
Short term borrowings	**11.03 to 12.17**	13.00 to 13.37	**62,531,496**	37,814,670

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 2014 and for 2013 would have decreased / increased respectively by the following amounts as a result of increase / decrease in finance cost on the variable rate financial liabilities:

	2014	2013
	(-----Rupees-----)	
Effect on profit	**625,315**	378,147

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

27.4 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.

27.5 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. Debt comprises long term debts and liabilities against assets subject to finance lease. Equity includes total equity as shown in the balance sheet.

The debt-to-equity ratios as at reporting dates are as follows:	2014	2013
Total debt	**35,293,249**	336,527
Total equity and debt	**259,929,945**	212,654,572
Debt-to-equity ratio	**13.6%**	0.2%

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.

28 TRANSACTIONS AND BALANCES 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 at arm's length basis, unless otherwise disclosed. Amounts due from and due to related parties are shown under respective notes to the accounts. Other significant transactions and balances with related parties are as follows:

28.1 Transactions with related parties

Associated companies:	**2014**	2013
	(-----Rupees-----)	
Kaizen Construction (Private) Limited		
Sale of ready mix concrete	**5,557,208**	3,755,892
ABE Pak (Private) Limited		
Sale of ready mix concrete	**-**	117,380
Purchase of raw material	**-**	3,307,304
IGI Insurance Limited		
Insurance premium	**-**	2,472,597
Power Cement Limited		
Purchase of raw material	**36,799,678**	2,366,000
Habib Metropolitan Bank Limited		
Interest Income	**-**	567,605
Tax deducted at source	**-**	26,445
Bank charges	**-**	273
Lease finance charge	**-**	207,565
Javedan Corporation Limited		
Advance from customer	**1,410,000**	-

28.2 Balances with related parties

Payable to Power Cement Limited	**8,154,267**	806,119
Payable to Javedan Corporation Limited	**1,410,000**	-
Receivable from Kaizen Construction (Private) Limited	**638,669**	1,543,306

28.3 IGI Insurance Limited, ABE Pak (Private) Limited, Habib Metropolitan Bank Limited and Thatta Cement Limited were related parties of the company in 2013. However, they have ceased to be related parties as of 30 June 2014.

		2014	2013
		(-----Rupees-----)	
29 CASH AND CASH EQUIVALENTS			
Cash and bank balances	*11*	**2,633,637**	2,589,897
Short term borrowings	*16*	**(62,531,496)**	(37,814,670)
		(59,897,859)	(35,224,773)

30 PLANT CAPACITY AND ACTUAL PRODUCTION

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

	2014	2013
	(----Cubic meter----)	
Available capacity		
Batching plant	**770,400**	770,400
Actual production		
Batching plant	**96,921**	126,290

The available capacity of the batching plant could not be fully utilized due to marketing constraints.

31 OPERATING SEGMENTS

The financial information has been prepared on the basis of a single reportable segment.

31.1 Revenue from sale of ready mix concrete represents 100 % (2013: 100 %) of the gross sales of the Company.

31.2 100 % (2013: 100 %) of the gross sales of the Company are made to customers located in Pakistan.

31.3 All non-current assets of the Company as at 30 June 2014 are located in Pakistan.

32 EARNINGS PER SHARE - BASIC AND DILUTED

	2014	2013
	(-----Rupees-----)	
32.1 Earnings per share - basic and diluted		
Profit after tax	**12,318,651**	15,225,877
	(Numbers)	
Weighted average number of ordinary shares outstanding during the year	**20,000,000**	20,000,000
	(Rupees)	
Earnings per share - basic	**0.62**	0.76

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

33 CORRESPONDING FIGURES

Corresponding figures have been re-arranged, where necessary, for the purpose of comparison including diesel and lubricants amounting to Rs. 0.465 million previously included in stock in trade is now presented under stores and spares and charge for WPPF amounting to Rs. 0.411 million previously included in other income is now presented under selling and administrative expenses.

34 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorised for issue on 30 September 2014 by the Board of Directors of the Company. The Board of Directors also recommended issuance of 1 right share for every 4 shares held in the Company (i.e. 25% right shares).

STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE,1984

The Chief Executive Officer of the Company being presently out of Pakistan, these financial statements have been signed by two directors as required under provisions of section 241(2) of the Companies Ordinance, 1984.

Director **Director**

Proxy Form

I / We ____
of ____ (full address)
being member(s) of Safe Mix Concrete Products Limited and holding ______________ ordinary shares as per Share Registrar Folio No. ____ or CDC Participant ID 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 October 22, 2014 and at any adjournment thereof.

As witness my / our hand this ____________________ day of ________________ 2014.

	Please affix of Rs. 5/- Revenue stamp

Signature of member(s)

Witness: ____________________	Witness: ____________________
Name: ____________________	Name: ____________________
CNIC No.: ____________________	CNIC No.: ____________________
Address: ____________________	Address: ____________________

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as his / her proxy to attend ant vote instead of his / her. No person shall act as proxy (except for corporation) unless he / she is entitled to be present and votein his / her own right.
2. The instrument appointing 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 authorized or attorney so authorized.
3. This proxy form duly completed must be deposited at the registered office of the Company not later than 48 hours before the time of holding of meeting.

FOR CDC ACCOUNT HOLDERS / CORPORATE ENTITIES

CDC Shareholders and their proxies must each attach an attested copy of of their NIC 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 Corporate entity the Board of Directors resolution / Power of Attorney with specimen signatures shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

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