

**Half Yearly Report
December 31, 2011**



SAFE MIX CONCRETE PRODUCTS LTD.

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COMPANY INFORMATION

Board of Directors

Mr. Arif Habib
Chairman

Syed Maratib Ali
Chief Executive Officer

Syed Yawar Ali
Director

Mr. Bashir H.Ali Muhammad
Director

Mr. Asim Tiwana
Director

Mr. Ziad Bashir
Director

Mr. Nasim Beg
Director

Company Secretary & Chief Financial Officer

Masood Ijaz

Statutory Auditors

KPMG Taseer Hadi & Co.
Chartered Accountant

Legal Advisor

Minto & Mirza
Advocates & Corporate Counsel

Registered Office

Plot No.1-6, Sector 26, Korangi Industrail Area, Karachi
Tel: +92 21 3507 4581
Fax: +92 21 3507 4603
<http://www.safemixlimited.com>

Board Audit Committee

Syed Yawar Ali
Chairman

Mr. Ziad Bashir
Member

Mr. Nasim Beg
Member

Bankers

Habib Metropolitan Bank Limited
The Bank of Punjab
NIB Bank Limited

Shares Registrars

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

DIRECTORS' REVIEW

The Board of Directors of Safe Mix Concrete Products Limited present herewith condensed financial statements for the half year ended 31st December 2011.

Over view

The Company has been able to achieve sales of Rs.273.16 million, showing an increase of 12% in turnover as well as increase of 15.83% in volume as compared to the corresponding period last year.

However, the Company continues to remain under pressure due to reducing margin, increasing basic raw material prices, stiff competition in the ready mix concrete market and liquidity problems effecting adversely achievement of the desired results.

Operating results

	Half Year Ended 31st December	
	2011	2010
Loss before taxation	(3,505,910)	(3,833,425)
Taxation	1,984,158	(2,945,467)
Loss after taxation	<u>(5,490,068)</u>	<u>(6,778,892)</u>

Earnings/ (loss) per share

Loss per share for the period ended is Rs.0.27 as compared to loss per share for the same period of the last year was Rs.0.34.

Future Outlook

The company is continuing to strive, to undertake additional projects, minimize costs and expects to come up with a better return to the shareholders in the near future.

Acknowledgement

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

For and on behalf of the board



Syed Maratib Ali
Chief Executive Officer

Karachi: 16th February, 2012

INDEPENDENT AUDITORS REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Safe Mix Concrete Products Limited** ("the Company") as at 31 December 2011 and the related condensed interim profit and loss account, condensed interim statement of comprehensive (loss) / income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six-months period then ended (here-in-after referred as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of Interim Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

The figures for the quarters ended 31 December 2011 and 31 December 2010 in the condensed interim profit and loss account and condensed interim statement of comprehensive loss have not been reviewed and we do not express a conclusion thereon.

Lahore

Date: 16 February 2012

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


CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT 31 DECEMBER 2011

		Unaudited 31 December 2011	Audited 30 June 2011
	Note	----- Rupees -----	
Non - current assets			
Fixed assets	5	186,027,110	189,647,041
Long term deposits		<u>4,277,120</u>	<u>4,227,120</u>
		190,304,230	193,874,161
Current assets			
Stores and spares		3,249,535	3,106,739
Stock in trade		37,465,814	35,090,214
Trade debts		87,530,679	59,697,792
Advances, prepayments and other receivables		5,344,745	6,012,836
Tax refund due from Government		19,308,897	19,577,016
Cash and bank balances		<u>5,734,960</u>	<u>4,894,886</u>
		158,634,629	128,379,483
Current liabilities			
Trade and other payables		68,059,127	49,049,683
Accrued markup		2,658,531	2,938,654
Current portion of liabilities against assets subject to finance lease		1,920,890	1,782,792
Short term running finance - secured	6	<u>56,524,720</u>	<u>41,487,898</u>
		129,163,268	95,259,027
Net current assets		29,471,361	33,120,456
Non - current liabilities			
Long term loan - unsecured	7	15,000,000	15,000,000
Liabilities against assets subject to finance lease		1,803,423	2,784,947
Deferred taxation		4,615,332	5,362,766
Contingencies and commitments	8		
		<u>21,418,755</u>	<u>23,147,713</u>
		198,356,836	203,846,904
Financed by:			
Share capital and reserves			
Authorized Share capital			
35,000,000 ordinary shares of Rs.10 each		<u>350,000,000</u>	<u>350,000,000</u>
Issued, subscribed and paid up capital		200,000,000	200,000,000
Share premium		14,728,576	14,728,576
Accumulated loss		<u>(16,371,740)</u>	<u>(10,881,672)</u>
		198,356,836	203,846,904

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.


Chief Executive



Director

**CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

	Note	July to December 2011	October to December 2011	July to December 2010	October to December 2010
----- Rupees -----					
Revenue		273,159,209	135,036,149	243,967,676	117,945,799
Cost of sales	9	(264,182,038)	(131,979,519)	(231,684,728)	(112,050,361)
Gross profit		<u>8,977,170</u>	<u>3,056,629</u>	12,282,948	5,895,438
Administrative expenses		(12,385,381)	(6,556,695)	(12,634,020)	(6,747,418)
Operating loss		<u>(3,408,211)</u>	<u>(3,500,066)</u>	(351,072)	(851,980)
Finance cost		(5,844,920)	(2,877,208)	(5,994,671)	(3,184,197)
Other operating income		5,747,221	3,628,705	2,512,318	1,189,809
Loss before taxation		<u>(3,505,910)</u>	<u>(2,748,569)</u>	(3,833,425)	(2,846,368)
Provision for taxation		(1,984,158)	(602,927)	(2,945,467)	(1,495,722)
Loss after taxation		<u>(5,490,068)</u>	<u>(3,351,496)</u>	(6,778,892)	(4,342,090)
Loss per share - basic & diluted		<u>(0.27)</u>	<u>(0.17)</u>	(0.34)	(0.22)

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.


Chief Executive



Director

**CONDENSED INTERIM
STATEMENT OF COMPREHENSIVE INCOME / (LOSS)
(UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

	July to December 2011	October to December 2011	July to December 2010	October to December 2010
	----- Rupees -----			
Loss after taxation	(5,490,068)	(3,351,496)	(6,778,892)	(4,342,090)
Other comprehensive income	-	-	-	-
Total comprehensive Loss for the period	(5,490,068)	(3,351,496)	(6,778,892)	(4,342,090)

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.


Chief Executive



Director

**CONDENSED INTERIM
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

	July to December 2011	July to December 2010
Note	----- Rupees -----	
Cash flow from operating activities		
Profit / (loss) before taxation	(3,505,910)	(3,833,425)
<i>Adjustments for non-cash items:</i>		
Depreciation	6,174,081	10,497,408
Interest income	(150,976)	(141,259)
Gain on disposal of fixed assets	(99,094)	-
Finance cost	5,844,920	5,994,671
	<u>11,768,931</u>	<u>4,361,478</u>
Operating profit before changes in working capital	8,263,022	528,053
Changes in working capital items:		
<i>(Increase) / decrease in current assets</i>		
Trade debts	(27,832,887)	(2,040,276)
Stock in trade	(2,375,600)	(19,334,985)
Stores and spares	(142,796)	(1,508,011)
Advances, prepayments and other receivables	668,091	948,277
	<u>(29,683,192)</u>	<u>(21,934,995)</u>
<i>Increase in current liabilities</i>		
Trade and other payables	18,814,593	19,238,211
Cash used in operations	<u>(2,605,577)</u>	<u>(2,168,731)</u>
Taxes paid	(2,268,622)	(4,343,423)
Finance cost paid	(6,125,043)	6,606,458
Long term deposits	(50,000)	(80,000)
	<u>(8,443,665)</u>	<u>2,183,035</u>
Net cash (used in) / generated from operating activities	<u>(11,049,242)</u>	<u>14,304</u>
Cash flow from investing activities		
Fixed capital expenditure	(3,105,056)	(2,035,047)
Interest income received	150,976	141,259
Sale proceeds on disposal of fixed assets	650,000	-
Net cash used in investing activities	<u>(2,304,080)</u>	<u>(1,893,788)</u>
Cash flow from financing activities		
Repayments of liabilities against assets subject to finance lease	(843,426)	(917,413)
Net cash used in financing activities	<u>(843,426)</u>	<u>(917,413)</u>
Net decrease in cash and cash equivalents	<u>(14,196,748)</u>	<u>(2,796,897)</u>
Cash and cash equivalents at the beginning of the period	<u>(36,593,012)</u>	<u>(35,559,303)</u>
Cash and cash equivalents at the end of the period	<u>(50,789,760)</u>	<u>(38,356,200)</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.


Chief Executive



Director

**CONDENSED INTERIM
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

	Issued, subscribed and paid up capital	Share Premium	Accumulated loss	Total
----- Rupees -----				
Balance as at 30 June 2010 - Audited	200,000,000	14,728,576	(5,915,246)	208,813,330
Total comprehensive loss for the six months ended 31 December 2010	-	-	(6,778,892)	(6,778,892)
Balance as at 31 December 2010- Un-audited	<u>200,000,000</u>	<u>14,728,576</u>	<u>(12,694,138)</u>	<u>202,034,438</u>
Balance as at 30 June 2011 - Audited	200,000,000	14,728,576	(10,881,672)	203,846,904
Total comprehensive loss for the six months ended 31 December 2011	-	-	(5,490,068)	(5,490,068)
Balance as at 31 December 2011 - Un-audited	<u>200,000,000</u>	<u>14,728,576</u>	<u>(16,371,740)</u>	<u>198,356,836</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.


Chief Executive


Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2011

1 Status and nature of business

Safe Mix Concrete Products Limited ("the Company") was incorporated on 04 April 2005 as Private Limited Company. Subsequently, it has been converted into Public Limited Company on 21 February 2007, in accordance with provisions of section 45 read with section 41(3) of the Companies Ordinance 1984. On 16th March, 2010 the Company was listed on Karachi Stock Exchange. The principal activity of the Company is production and supply of ready mix concrete, building blocks and construction of prefabricated buildings, factories and other construction sites. The registered office of the Company is situated at plot No. 1-6, Sector 26, Korangi Industrial Area, Karachi, Pakistan.

2 Basis of preparation

The condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 June 2011.

3 Estimates

The preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing the condensed interim financial information, the significant judgments made by the management in applying accounting policies, key estimates and uncertainty includes:

- Residual value and useful life estimation of fixed assets
- Taxation
- Provisions and contingencies

4 Significant accounting policies

4.1 The accounting policies and methods of computation adopted in the preparation of the condensed interim financial information are the same as those applied in preparation of preceding annual financial statements for the year ended 30 June 2011.

4.2 In addition to above, following amendments to the International Financial Reporting Standards are mandatory for the first time for the financial year beginning on or after 1 January 2012, however, the adoption of these amendments is either not yet effective or the amendments did not have any significant impact on the financial information of the Company.

- IAS 12 (amendment) - Deferred Tax on Investment Property
- IAS 19 (amendment) - Employee Benefits
- IAS 1 (amendment) - Presentation of items of other comprehensive income
- IFRS 7 (amendment) - Transfers of Financial Assets
- IAS 32 (amendment) - Offsetting Financial assets and Financial Liabilities
- IFRS 7 (amendment) - Offsetting Financial assets and Financial Liabilities

			Unaudited 31 December 2011	Audited 30 June 2011
			----- Rupees -----	
5	Fixed assets	<i>Note</i>		
	<i>Owned and leased assets:</i>			
	Operating fixed assets	5.1	186,027,110	188,693,010
	Capital work in progress		-	954,031
			<u>186,027,110</u>	<u>189,647,041</u>
	5.1 Operating fixed assets			
	Opening book value		188,693,010	201,827,503
	Add: Additions during the period	5.2	4,049,087	2,304,694
	Less: Disposals during the period - net book value		(540,906)	(3,761,552)
	Depreciation charged during the period		(6,174,081)	(11,677,635)
	Closing book value		<u>186,027,110</u>	<u>188,693,010</u>
	5.2 Break-up of additions			
	<i>Owned</i>			
	Buildings		-	29,025
	Project temporary civil works		57,236	73,661
	Plant & machinery		3,838,260	2,171,408
	Office equipment		153,591	30,600
			<u>4,049,087</u>	<u>2,304,694</u>
	<i>Leased</i>		-	-
			<u>4,049,087</u>	<u>2,304,694</u>
			Unaudited 31 December 2011	Audited 30 June 2011
			----- Rupees -----	
6	Short term running finance- secured			
	The Bank of Punjab	70	6.1	
			<u>56,524,720</u>	<u>41,487,898</u>
	6.1 This represents utilized portion of short term running finance facility available from The Bank of Punjab under mark up arrangements. This facility is secured by way of first exclusive charge over non current and current assets of the Company with 25% margin registered with SECP and personal guarantee of Syed Maratib Ali. It carries mark up at the rate of 3 months highest Karachi Inter Bank Offer Rate (KIBOR) plus 250 bps with a floor of 14% per annum payable on quarterly basis.			
			Unaudited 31 December 2011	Audited 30 June 2011
			----- Rupees -----	
7	Long term loan	7.1	<u>15,000,000</u>	<u>15,000,000</u>
	7.1 This represents an unsecured loan obtained from directors at a markup of 12% per annum payable quarterly. This loan was initially obtained for two years and is mutually renewable for another term of two years. The Company has the right to repay the principal sum or any part thereof during the term. The loan was obtained to finance fixed capital expenditure requirements of the Company.			

8 Contingencies and commitments

There were no significant contingencies and commitments at the balance sheet date (30 June 2011: Nil).

	July to December 2011	October to December 2011	July to December 2010	October to December 2010
9 Cost of sales	Un-audited	Un-audited	Un-audited	Un-audited
----- Rupees -----				
Raw material and stores consumed	207,547,873	103,497,597	181,888,382	89,791,226
Salaries, wages and other benefits	16,399,323	8,522,655	15,191,085	7,074,763
Depreciation	5,753,576	2,999,675	9,928,165	4,984,231
Fuel and power	26,473,323	12,830,250	17,233,757	8,290,901
Repair and maintenance	3,668,043	2,171,367	2,263,421	674,701
Sample testing	51,650	27,980	425,726	173,710
Equipment hiring charges	1,468,053	515,700	1,840,795	80,000
Carriage and freight	2,900	2,900	172,875	72,000
Land rent and commission	1,249,998	624,999	1,249,998	136,499
Security expenses	170,050	84,550	171,000	82,500
Insurance expenses	1,397,249	701,846	1,319,524	689,830
	<u>264,182,038</u>	<u>131,979,519</u>	<u>231,684,728</u>	<u>112,050,361</u>

10 Transactions with related parties

Related parties comprise holding company, subsidiary company, associated undertakings, key management personnel (including chief executive and directors) and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties.

Detail of transactions and balances with related parties are as follows:

10.1 Transactions with related parties	July to December 2011 Un-audited	July to December 2010 Un-audited
----- Rupees -----		
Associated Companies:		
ABE Pak (Private) Limited: Purchase of goods	771,553	6,795,026
Al Abbas Cement: Purchase of cement	5,206,950	-
IGI Insurance: Insurance premium	1,704,610	1,280,719
Thatta Cement Limited: Purchase of goods	804,807	4,796,789
Habib Metropolitan Bank Limited: Interest income	149,723	138,258
Tax deducted at source	7,508	38,151
Bank charges	1,096	3,204
Lease installments paid	207,565	207,564
Directors:		
Interest on loan from directors	900,000	900,000
Key management personnel		
Short term employee benefits	6,380,740	6,373,680

	31 December 2011	30 June 2011
	Un-audited	Audited
	----- Rupees -----	
10.2 Balances with related parties		
Associated Companies:		
ABE Pak (Private) Limited	240,996	1,835,000
Thatta Cement Limited	388,692	-
Habib Metropolitan Bank Limited:		
Bank balance	5,605,115	4,777,057
Lease liability	526,640	704,654
Al Abbas Cement	786,208	-
Directors:		
Accrued markup	450,000	450,000
Long term loan	15,000,000	15,000,000
Key management personnel		
Short term employee benefits	1,436,365	1,132,183
	July to December 2011	July to December 2010
	----- Rupees -----	
11 Cash and cash equivalent		
Cash and bank balances	5,734,960	2,790,619
Short term borrowings	(56,524,720)	(41,146,819)
	<u>(50,789,760)</u>	<u>(38,356,200)</u>


12 Date of authorization for issue

The financial statements were authorized for issue on 16th February, 2012 by the Board of Directors of the Company.

13 General

13.1 The figures have been rounded off to nearest rupee.


Chief Executive


Director

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CORPORATE