



Half Yearly Report  
December 31, 2010

**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

Wasiq Ilyas

### Statutory Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountant

### Legal Advisors

Minto & Mirza  
Advocates & Corporate Counsel

### Registered Office

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

### Board Audit Committee

Syed Yawar Ali  
Chairman

Mr. Ziad Bashir  
Member

Mr. Nasim Beg  
Member

### Bankers

Habib Metorpolitan Bank Limited  
The Bank of Punjab  
NIB Bank Limited

### Shares Registrar

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 interim financial statements for the half year ended 31 December 2010.

### Overview

During the period under review, the Company was still under pressure in the Karachi region where reduced margin, increased basic raw material prices, stiff competition in ready mix concrete market and liquidity problems in market have caused a loss during the quarter.

The Company as a whole suffered a loss after tax during the period amounting to Rs. 6.778 million as compared to a profit of Rs. 1.294 million during the corresponding period last year. The Company achieved sales of Rs. 243.968 million showing a decline of 3.92% on a half year to half year basis and costs of sales also decreased by 2.47% which is in line with the decrease in sales. However, the positive sign in this period was the increase in sales volume by 5.92%.

### Operating Results

	Half Year Ended 31 December	
	2010	2009
(Loss) / Profit before taxation	(3,833,425)	2,876,945
Taxation	(2,945,467)	(1,582,838)
(Loss) / Profit after taxation	<u>(6,778,892)</u>	<u>1,294,107</u>

### Loss / Earnings per Share

Loss per share for the period ended is Rs. 0.34 per share as compared to earnings per share of Rs. 0.13 per share for the same period of the last year.

### Future Outlook

In this tough condition both in the industry and the country, the Company is striving to undertake some major projects and will continue efforts to achieve a better return to the shareholders.

### Acknowledgement

The Board would like to take the opportunity to express its appreciation to the customers, suppliers and 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: February 22, 2011

## **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 2010 and the related condensed interim profit and loss account, condensed interim statement of comprehensive 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 2010 and 31 December 2009 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion thereon.

Lahore

Date: 22 February 2011

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

## CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT 31 DECEMBER 2010

	31 December 2010	Audited 30 June 2010
Note	----- Rupees -----	
<b>Non - current assets</b>		
Property, plant and equipment	5 193,422,379	201,884,739
Long term deposits	5,112,975	5,032,975
	198,535,354	206,917,714
<b>Current assets</b>		
Stores, spare parts and loose tools	2,652,045	1,144,034
Stock in trade	39,162,215	19,827,230
Trade debts	68,769,837	66,729,561
Advances, prepayments and other receivables	7,211,953	8,160,230
Tax refund due from Government	18,338,550	16,550,336
Cash and bank balances	2,790,619	6,690,219
	138,925,219	119,101,610
<b>Current liabilities</b>		
Trade and other payables	50,538,979	31,416,299
Accrued markup	2,844,487	2,232,700
Short term running finance - secured	6 41,146,819	42,249,522
Current portion of liabilities against assets subject to finance lease	2,148,183	1,935,792
	96,678,468	77,834,313
<b>Net current assets</b>	42,246,751	41,267,297
<b>Non - current liabilities</b>		
Long term loan - unsecured	7 15,000,000	15,000,000
Liabilities against assets subject to finance lease	4,650,238	5,780,042
Deferred liability - taxation	19,097,429	18,591,639
<b>Contingencies and commitments</b>	8	
	38,747,667	39,371,681
<b>Net assets</b>	202,034,438	208,813,330
<b>Financed by:</b>		
<b>Share capital and reserves</b>		
<b>Authorized capital</b>		
35,000,000 ordinary shares of Rs. 10 each	350,000,000	350,000,000
Issued, subscribed and paid up capital	200,000,000	200,000,000
Share premium	14,728,576	14,728,576
Accumulated loss	(12,694,138)	(5,915,246)
	202,034,438	208,813,330

The annexed notes 1 to 14 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 2010**

	Note	July to December 2010	October to December 2010	July to December 2009	October to December 2009
----- Rupees -----					
Revenue		243,967,676	117,945,799	253,927,068	117,116,646
Cost of sales	9	(231,513,728)	(111,967,861)	(237,385,641)	(109,988,319)
<b>Gross profit</b>		<u>12,453,948</u>	<u>5,977,938</u>	16,541,427	7,128,327
Administrative expenses		(12,805,020)	(6,829,918)	(11,888,453)	(5,130,957)
<b>Operating (loss) / profit</b>		<u>(351,072)</u>	<u>(851,980)</u>	4,652,974	1,997,370
Finance cost		(5,994,671)	(3,184,197)	(6,280,871)	(3,160,287)
Other operating income		2,512,318	1,189,809	4,504,842	2,531,734
<b>(Loss) / profit before taxation</b>		<u>(3,833,425)</u>	<u>(2,846,368)</u>	2,876,945	1,368,817
Provision for taxation		(2,945,467)	(1,495,722)	(1,582,838)	(694,130)
<b>(Loss) / profit after taxation</b>		<u>(6,778,892)</u>	<u>(4,342,090)</u>	1,294,107	674,687
<b>(Loss) / earnings per share-basic</b>		<u>(0.34)</u>	<u>(0.22)</u>	0.13	0.07

The annexed notes 1 to 14 form an integral part of these condensed interim financial information.

  
Chief Executive

  
Director

**CONDENSED INTERIM  
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

	July to December 2010	October to December 2010	July to December 2009	October to December 2009
	----- Rupees -----			
(Loss) / profit after taxation	(6,778,892)	(4,342,090)	1,294,107	674,686
Other comprehensive income	-	-	-	-
<b>Total comprehensive (loss) / profit for the period</b>	<u>(6,778,892)</u>	<u>(4,342,090)</u>	<u>1,294,107</u>	<u>674,686</u>

The annexed notes 1 to 14 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 2010**

	<i>Note</i>	<b>July to December 2010</b>	<b>July to December 2009</b>
		----- Rupees -----	-----
<b>Cash generated from operations</b>	11	(2,248,731)	11,328,009
Taxes paid		(4,343,423)	(3,743,671)
Finance cost paid		6,606,458	(8,224,012)
		<u>2,263,035</u>	<u>(11,967,683)</u>
<b>Net cash generated from / (used in) operating activities</b>		<b>14,304</b>	<b>(639,674)</b>
<b>Cash flow from investing activities</b>			
Fixed capital expenditure		(2,035,047)	(306,818)
Interest received		141,259	259,968
<b>Net cash used in investing activities</b>		<b>(1,893,788)</b>	<b>(46,850)</b>
<b>Cash flow from financing activities</b>			
Repayment of long term finances		-	(2,000,000)
Repayment of liabilities against assets subject to finance lease		(917,413)	(745,608)
Proceeds from share capital issued		-	250,000
<b>Net cash used in financing activities</b>		<b>(917,413)</b>	<b>(2,495,608)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(2,796,897)</b>	<b>(3,182,132)</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>(35,559,303)</b>	<b>(40,412,191)</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>(38,356,200)</b>	<b>(43,594,323)</b>

The annexed notes 1 to 14 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 2010**

	Issued, subscribed and paid up capital	Share deposit money	Share Premium Reserve	Accumulated profit	Total
----- Rupees -----					
<b>Balance as at 30 June 2009 - Audited</b>	70,000,000	29,750,000	-	19,623,665	119,373,665
Share capital issued	30,000,000	(29,750,000)	-	-	250,000
Net profit for the period	-	-	-	1,294,107	1,294,107
Final dividend for the year ended 30 June 2009	-	-	-	(14,000,000)	(14,000,000)
<b>Balance as at 31 December 2009 - Un-audited</b>	<u>100,000,000</u>	<u>-</u>	<u>-</u>	<u>6,917,772</u>	<u>106,917,772</u>
Share capital issued	100,000,000	-	-	-	100,000,000
Share premium	-	-	25,000,000	-	25,000,000
Share issuance expenses	-	-	(10,271,424)	-	(10,271,424)
Loss for the period ended 30 June 2010	-	-	-	(12,833,018)	(12,833,018)
<b>Balance as at 30 June 2010 - Audited</b>	<u>200,000,000</u>	<u>-</u>	<u>14,728,576</u>	<u>(5,915,246)</u>	<u>208,813,330</u>
Loss for the six months ended 31 December 2010	-	-	-	(6,778,892)	(6,778,892)
<b>Balance as at 31 December 2010 - Un-audited</b>	<u>200,000,000</u>	<u>-</u>	<u>14,728,576</u>	<u>(12,694,138)</u>	<u>202,034,438</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial information.

  
Chief Executive

  
Director

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2010

### 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 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

The condensed interim financial information have 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 2010.

### 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 uncertainties include:

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

### 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 2010.

4.2 In addition to above, following amendments to the International Financial Reporting Standards / International Accounting Standards are mandatory for the first time for the financial year beginning on or after 1 January 2011, 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.

- IFRS 7 (amendment) - Disclosures - Transfers of Financial Assets
- IAS 12 (amendment) - Deferred Tax on Investment Property
- IAS 24 (revised) - Related Party Disclosures
- IAS 32 (amendment) - Financial Instruments: Presentation - Classification of Right Issues
- IFRIC 14 (amendment) - The Limit on a Defined Benefit Assets - Minimum Funding Requirements
- IFRIC 19 - Extinguishing financial liabilities with equity instruments

			<b>31 December 2010</b>	30 June 2010
		<i>Note</i>	----- Rupees -----	
<b>5</b>	<b>Property, plant and equipment</b>			
	Owned and leased assets:			
	Operating assets - at net book value	5.1	<b>193,358,193</b>	201,827,503
	Capital work in progress - at cost		<b>64,186</b>	57,236
			<b><u>193,422,379</u></b>	<u>201,884,739</u>
<b>5.1</b>	<b>Operating assets</b>			
	Opening book value		<b>201,827,503</b>	132,112,343
	Add: Additions during the period / year	5.2	<b>2,028,098</b>	85,472,476
	Less: Disposals during the period / year - net book value	5.2	-	-
	Depreciation charged during the period / year		<b>(10,497,408)</b>	(15,757,316)
	Closing book value		<b><u>193,358,193</u></b>	<u>201,827,503</u>
			<b>Acquisitions Cost</b>	<b>Disposals Book value</b>
			<b>31 Dec 2010</b>	<b>31 Dec 2010</b>
<b>5.2</b>	<b>Break-up of additions / disposals</b>		----- Rupees -----	
	Plant and machinery		<b>1,932,362</b>	-
	Building on leasehold land		<b>22,075</b>	-
	Project temporary civil works		<b>73,661</b>	-
			<b><u>2,028,098</u></b>	<u>-</u>
			<b>31 December 2010</b>	30 June 2010
		<i>Note</i>	----- Rupees -----	
<b>6</b>	<b>Short term running finance - secured</b>			
	The Bank of Punjab	70	6.1	<b>41,146,819</b>
				<u>42,249,522</u>
<b>6.1</b>	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 10% per annum payable on quarterly basis.			
			<b>31 December 2010</b>	30 June 2010
		<i>Note</i>	----- Rupees -----	
<b>7</b>	<b>Long term loan</b>			
		7.1	<b>15,000,000</b>	<u>15,000,000</u>
<b>7.1</b>	This represents an unsecured loan obtained from directors at a markup of 12% per annum payable quarterly. This loan was initially obtained for two years and is mutually renewable for another term of two years. The Company has the right to repay the principal sum or any part thereof during the term. The loan has been specifically obtained to finance fixed capital expenditure requirements of the Company.			

## 8 Contingencies and commitments

There were no significant contingencies and commitments at the balance sheet date (30 June 2010: Nil).

	July to December 2010	October to December 2010	July to December 2009	October to December 2009
----- Rupees -----				
<b>9 Cost of sales</b>				
Raw material and stores consumed	181,888,382	89,791,226	172,413,542	78,224,933
Salaries, wages and other benefits	15,191,085	7,074,763	15,360,598	7,286,438
Depreciation	9,928,165	4,984,231	6,179,955	3,085,862
Fuel and power	17,233,757	8,290,901	15,054,687	7,165,801
Repair and maintenance	2,263,421	674,701	3,928,142	2,002,118
Sample testing	425,726	173,710	910,043	450,098
Equipment hiring charges	1,840,795	80,000	21,408,484	10,732,326
Carriage and freight	172,875	72,000	45,200	-
Land rent and commission	1,249,998	136,499	1,249,998	534,679
Insurance expenses	1,319,524	689,830	834,992	506,064
	<u>231,513,728</u>	<u>111,967,861</u>	<u>237,385,641</u>	<u>109,988,319</u>
			<b>July to December 2010</b>	July to December 2009
----- Rupees -----				

## 10 Transactions with related parties

### Associated Companies:

ABE Pak (Private) Limited				
Purchase of goods			6,795,026	1,343,200
Kaizen Construction (Private) Limited:				
Sale of goods			-	5,764,175
Concrete pump hired			-	1,429,800
IGI Insurance:				
Insurance premium			1,280,719	1,122,276
Thatta Cement Limited:				
Purchase of goods			4,796,789	8,781,318
Habib Metropolitan Bank Limited:				
Interest income			138,258	100,310
Tax deducted at source			38,151	36,298
Bank charges			3,204	348
Lease finance charges			64,947	86,504

	July to December 2010	July to December 2009
	----- Rupees -----	
<b>Directors</b>		
Interest on loan from directors	900,000	1,531,180
<b>Key management personnel</b>		
Remuneration to key management personnel	6,373,680	5,721,633
<b>11 Cash flow from operating activities</b>		
(Loss) / profit before taxation	(3,833,425)	2,876,945
Adjustments of items not involving movement of cash:		
Depreciation	10,497,408	6,863,461
Interest income	(141,259)	(259,968)
Finance cost	(5,994,671)	6,280,871
	<u>4,361,478</u>	<u>12,884,364</u>
<b>Operating profit before working capital changes</b>	<b>528,053</b>	<b>15,761,309</b>
<b>Adjustments for working capital items: (Increase) / decrease in current assets</b>		
Long term deposits	(80,000)	(20,000)
Trade debts	(2,040,276)	6,642,819
Stock in trade	(19,334,985)	(19,220)
Stores, spare parts and loose tools	(1,508,011)	321,089
Advances, prepayments and other receivables	948,277	(6,279,421)
<b>Decrease / (increase) in current liabilities</b>		
Trade and other payables	19,238,211	(5,078,567)
	<u>(2,776,784)</u>	<u>(4,433,300)</u>
<b>Cash generated from operations</b>	<b>(2,248,731)</b>	<b>11,328,009</b>
<b>12 Cash and cash equivalent</b>		
Cash and bank balances	2,790,619	6,375,558
Short term borrowings	(41,146,819)	(49,969,881)
	<u>(38,356,200)</u>	<u>(43,594,323)</u>
<b>13 Date of authorization for issue</b>		

These condensed interim financial statements were authorized for issue on 22 February 2011 by the board of directors of the Company.

**14 General**

- 14.1 Corresponding figures have been re-arranged wherever necessary for the purposes of comparison, however, no significant re-arrangements have been made.
- 14.2 The figures have been rounded off to nearest rupee.

  
Chief Executive

  
Director

**BOOK POST**  
PRINTED MATTER

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