

**NINE MONTHS AND  
THIRD QUARTERLY REPORT  
MARCH 31, 2015**



  
**safe mix**  
Concrete Products Ltd.

**SAFE MIX CONCRETE PRODUCTS LTD.**





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## Company Information

### Board of Directors

Mr. Shahid Aziz Siddiqi - Chairman  
Mr. Nasim Beg  
Mr. Kashif Habib - Chief Executive Officer  
Mr. Samad Habib  
Syed Najamuddujah Jaffri  
Mr. Khalil Ahmed  
Syed Muhammad Talha

### Audit Committee

Mr. Nasim Beg - Chairman  
Mr. Samad Habib  
Syed Najamuddujah Jaffri

### Human Resources & Remuneration Committee

Mr. Samad Habib  
Mr. Kashif Habib  
Syed Najamuddujah Jaffri

### Company Secretary

Mr. Mohammad Immad Ali

### Chief Financial Officer

Syed Muhammad Talha

### Auditors

Naveed Zafar Ashfaq Jaffery & Co.  
Chartered Accountants

### Legal Advisor

Minto & Mirza  
Advocates & Corporate Counsel

### Bankers and Financial institutions

Bank Islami Pakistan Limited  
Habib Metropolitan Bank Limited  
The Bank of Punjab  
Bank Alfalah Limited  
Summit Bank Limited  
First Habib Modaraba

### Registered Office

Plot # 1,6 sector # 26, Bilal Chowrangi Korangi Industrial Area, Karachi.  
Tel # +92 21 35074581  
Fax # +92 21 35074603  
[www.safemixlimited.com](http://www.safemixlimited.com)

### Shares Registrar

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



## Directors' Review Report

The Board of Directors of Safe Mix Concrete Products Limited present herewith condensed financial information for the nine months ended March 31, 2015.

### Over view

During the period under review, the Company successfully booked Profit After Taxation (PAT) of Rs 9.970 million in the current period as compared to PAT of Rs 3.783 million in the corresponding period of last year. Increase in development works and construction activity has resulted in increase in revenue by Rs. 118.879 and the revenues have grown to Rs. 498.119 million in the current period under review as compared to Rs 379.239 million during corresponding period last year. Further, the company has remained focused on controlling its cost in market competitive industry as a result of which the company has managed to restrict increase in Cost of sales to 27% despite increase in sales by 31% thereby saved 4% costs and hence book a better return for the shareholders of the company.

### Operating results

	July to March 2015	July to March 2014	January to March 2015	January to March 2014
	(------Rupees-----)			
Profit before taxation	<b>11,817,943</b>	1,271,198	<b>7,327,022</b>	575,090
Taxation	<b>(1,847,460)</b>	2,512,472	<b>(2,238,563)</b>	2,003,434
Profit after taxation	<b><u>9,970,483</u></b>	<u>3,783,670</u>	<b><u>5,088,459</u></b>	<u>2,578,524</u>

### Earnings per share

Earnings per share for the period ended is Rs. 0.49 per share as compared to earnings per share for the corresponding period of Rs. 0.19 per share.

### Future Outlook

In a market where consumption per capita and urbanization are on the rise and the middle class accounts for a sizeable portion of the population, real estate projects are expected to depict a success story. Recent visit of the Honorable Chinese President with investment plans in billions of dollars is expected to lead to heavy investment in infrastructure development and thus will further trigger the demand of concrete ready mix that may result in more promising returns for the shareholders in the future. The Company & its management along with the support of its qualified human resources is continuing to strive, to undertake additional projects, minimize costs and expects to come up with a better return.

### Acknowledgement

The Company strongly believes that its success is driven by the commitment and dedication of its employees. We acknowledge the contribution of each and every member of the Company in areas of expertise. We would also like to express our thanks to the customers for their trust in our products and look forward to their continued patronage. We also thank our shareholders, banks and financial institutions for their support, guidance and confidence reposed in our enterprise and stand committed to do our best to ensure full reward of their investment in the coming years. Further, we would also like to thank SECP and the management of KSE for their continued support and guidance.

For and on behalf of the Board

Kashif Habib  
Chief Executive Officer

Karachi: April 29, 2015



## Safe Mix Concrete Products Limited Condensed Interim Balance Sheet

As at 31 March 2015

	Note	Un-audited 31 March 2015 (-----Rupees-----)	Audited 30 June, 2014
<b>Non - current assets</b>			
Property, plant and equipment	5	228,801,050	211,919,457
Long term deposits		13,091,560	9,783,300
Deferred asset - taxation		9,483,451	6,349,716
		<u>251,376,061</u>	<u>228,052,473</u>
<b>Current assets</b>			
Stores and spares		4,628,761	4,926,416
Stock in trade		22,124,552	18,068,912
Trade debts		132,273,525	110,943,597
Advances, prepayments and other receivables		8,455,261	8,332,767
Tax refund due from Government		36,269,856	40,542,243
Cash and bank balances		1,167,677	2,633,637
		<u>204,919,632</u>	<u>185,447,572</u>
<b>Total Assets</b>		<u>456,295,693</u>	<u>413,500,045</u>
<b>Share capital and reserves</b>			
<b>Authorized capital</b>			
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		250,000,000	200,000,000
Share premium		14,728,576	14,728,576
Accumulated profit		<u>19,878,603</u>	<u>9,908,120</u>
		<u>284,607,179</u>	<u>224,636,696</u>
<b>Liabilities</b>			
<b>Non - current liabilities</b>			
Liabilities against assets subject to finance lease		32,671,734	23,259,785
<b>Current liabilities</b>			
Trade and other payables		88,893,778	89,259,672
Accrued markup		-	1,778,932
Short term running finance - secured	6	44,393,522	62,531,496
Current portion of liabilities against assets subject to finance lease		5,729,480	3,533,464
Loan from related party		-	8,500,000
		<u>139,016,780</u>	<u>165,603,564</u>
<b>Contingencies and commitments</b>	7	<u>456,295,693</u>	<u>413,500,045</u>

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

Chief Executive

Director


## Safe Mix Concrete Products Limited

### Condensed Interim Profit and Loss Account (Un-audited)

For the period ended 31 March 2015

	July to March 2015	July to March 2014	January to March 2015	January to March 2014
	(-----Rupees-----)			
Revenue	<b>498,119,534</b>	379,239,669	<b>169,492,373</b>	125,301,959
Cost of sales	<b>(454,943,564)</b>	(357,158,466)	<b>(152,647,213)</b>	(117,269,440)
<b>Gross profit</b>	<b>43,175,970</b>	22,081,203	<b>16,845,160</b>	8,032,519
Selling and administrative expenses	<b>(26,550,588)</b>	(18,574,081)	<b>(8,759,083)</b>	(6,699,907)
<b>Operating profit</b>	<b>16,625,382</b>	3,507,122	<b>8,086,077</b>	1,332,612
Finance cost	<b>(7,707,328)</b>	(5,483,606)	<b>(2,274,085)</b>	(1,814,448)
Other operating income	<b>2,899,889</b>	3,247,682	<b>1,515,030</b>	1,056,926
<b>Profit before taxation</b>	<b>11,817,943</b>	1,271,198	<b>7,327,022</b>	575,090
Taxation	<b>(1,847,460)</b>	2,512,472	<b>(2,238,563)</b>	2,003,434
<b>Profit after taxation</b>	<b>9,970,483</b>	3,783,670	<b>5,088,459</b>	2,578,524
<b>Earnings per share-basic &amp; diluted</b>	<b>0.49</b>	0.19	<b>0.25</b>	0.13

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



Chief Executive



Director



**Safe Mix Concrete Products Limited**  
**Condensed Interim Statement of Comprehensive Income (Un-audited)**  
*For the period ended 31 March 2015*

	July to March 2015	July to March 2014	January to March 2015	January to March 2014
	(-----Rupees-----)			
<b>Profit after taxation</b>	<b>9,970,483</b>	3,783,670	<b>5,088,459</b>	2,578,524
Other comprehensive income	-	-	-	-
<b>Total comprehensive profit for the period</b>	<b><u>9,970,483</u></b>	<u>3,783,670</u>	<b><u>5,088,459</u></b>	<u>2,578,524</u>

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

Chief Executive

Director





## Safe Mix Concrete Products Limited Condensed Interim Cash Flow Statement (Un-audited)

For the period ended 31 March 2015

	Note	July to March 2015 (-----Rupees-----)	July to March 2014
<b>Cash flow from operating activities</b>			
Profit before taxation		11,817,943	1,271,198
<i>Adjustments for non-cash items:</i>			
Depreciation		11,263,206	9,191,671
Interest income		(437,848)	(358,218)
Gain on disposal of fixed assets		(648,393)	-
Finance cost		7,707,328	5,483,606
		<u>17,884,293</u>	<u>14,317,059</u>
<b>Operating profit before changes in working capital</b>		<b>29,702,236</b>	<b>15,588,257</b>
<b>Changes in working capital</b>			
<b>(Increase) / decrease in current assets</b>			
Trade debts		(21,329,928)	3,793,150
Stock in trade		(4,055,640)	3,378,743
Stores and spares		297,655	(608,989)
Advances, deposits, prepayments and other receivables		(122,494)	(3,264,364)
		<u>(25,210,407)</u>	<u>3,298,540</u>
<b>Decrease in current liabilities</b>			
Trade and other payables		(365,894)	(3,964,337)
<b>Cash flow from operating activities</b>		<b>4,125,935</b>	<b>14,922,460</b>
<b>Taxes paid</b>			
		(708,808)	(4,934,317)
<b>Finance cost paid</b>			
		(9,486,260)	(5,606,518)
		<u>(10,195,068)</u>	<u>(10,540,835)</u>
<b>Net cash (used in) / generated from operating activities</b>		<b>(6,069,133)</b>	<b>4,381,625</b>
<b>Cash flow from investing activities</b>			
Fixed capital expenditure		(13,981,406)	(9,055,133)
Proceeds from sale of fixed assets		985,000	-
Interest income received		437,848	358,218
Long term deposits		(3,308,260)	(5,709,640)
<b>Net cash used in investing activities</b>		<b>(15,866,818)</b>	<b>(14,406,555)</b>
<b>Cash flow from financing activities</b>			
Repayments of liabilities against assets subject to finance lease		(2,892,035)	(336,527)
Proceeds from issue of shares		50,000,000	-
Repayments of loan from related party		(8,500,000)	-
<b>Net cash generated from / (used in) financing activities</b>		<b>38,607,965</b>	<b>(336,527)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>16,672,014</b>	<b>(10,361,457)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>(59,897,859)</b>	<b>(35,224,773)</b>
<b>Cash and cash equivalents at the end of the period</b>	10	<b>(43,225,845)</b>	<b>(45,586,230)</b>

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

  
Chief Executive

  
Director



## Safe Mix Concrete Products Limited Condensed Interim Statement of Changes in Equity (Un-audited)

For the period ended 31 March 2015

	Ordinary Shares	Share Premium reserve	Accumulated (loss) / profit	Total
	(-----Rupees-----)			
Balance as at 30 June 2013 - Audited	200,000,000	14,728,576	(2,410,531)	212,318,045
Total comprehensive profit for the nine month period ended 31 March 2014	-	-	3,783,670	3,783,670
Balance as at 31 March 2014 - Un-audited	<u>200,000,000</u>	<u>14,728,576</u>	<u>1,373,139</u>	<u>216,101,715</u>
Balance as at 30 June 2014 - Audited	200,000,000	14,728,576	9,908,120	224,636,696
Issue of Right Shares	50,000,000	-	-	50,000,000
Total comprehensive profit for the nine month period ended 31 March 2015	-	-	9,970,483	9,970,483
<b>Balance as at 31 March 2015 - Un-audited</b>	<b><u>250,000,000</u></b>	<b><u>14,728,576</u></b>	<b><u>19,878,603</u></b>	<b><u>284,607,179</u></b>

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

Chief Executive

Director



## Safe Mix Concrete Products Limited Notes to the Condensed Interim Financial Information (Un-audited)

For the period ended 31 March 2015

### 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

#### Statement of compliance

This condensed interim financial information of the Company for the nine months period ended 31 March 2015 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information is being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

### 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 this condensed interim financial information are the same as those applied in preparation of the financial statements for the year ended 30 June 2014.

4.2 Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period either were not relevant to the Company's operations or did not have any significant impact on the accounting policies of the Company.

		Un-audited 31 March 2015	Audited 30 June 2014
	<i>Note</i>	(-----Rupees-----)	
<b>5 Property, plant and equipment - owned &amp; leased</b>			
Operating fixed assets	5.1	<b>225,568,438</b>	201,539,594
Capital work in progress		<b>3,232,612</b>	10,379,863
		<b><u>228,801,050</u></b>	<b><u>211,919,457</u></b>
<b>5.1 Operating fixed assets</b>			
Opening book value		<b>201,539,594</b>	183,493,759
Add: Additions during the period / year	5.2	<b>35,628,657</b>	32,233,426
Less: Assets disposed off / written off - net book value	5.3	<b>(336,607)</b>	(1,245,217)
Depreciation charged during the period / year		<b>(11,263,206)</b>	(12,942,374)
Closing book value		<b><u>225,568,438</u></b>	<b><u>201,539,594</u></b>



	Un-audited 31 March 2014	Audited 30 June 2014
	(-----Rupees-----)	
<b>5.2 Break-up of additions</b>		
<b><i>Owned assets:</i></b>		
Plant and machinery	20,676,002	2,001,703
Buildings	253,495	84,583
Project temporary civil works	-	9,595
Vehicles	119,460	-
Furniture and fixtures	36,550	-
Office Equipment and other electrical equipment	7,650	85,063
Computers	35,500	407,157
<b><i>Leased assets:</i></b>		
Plant and machinery	14,500,000	27,984,000
Vehicles	-	1,661,325
	<u>35,628,657</u>	<u>32,233,426</u>
<b>5.3 Break-up of disposals</b>		
Plant and machinery	-	1,110,912
Vehicles	336,607	134,305
	<u>336,607</u>	<u>1,245,217</u>

*Limit in  
millions of  
Rupees*      *Note*

<b>6 Short term running finance- secured</b>					
The Bank of Punjab	70	6.1	<table border="1"> <tr> <td style="text-align: right;"><u>44,393,522</u></td> <td style="text-align: right;"><u>62,531,496</u></td> </tr> </table>	<u>44,393,522</u>	<u>62,531,496</u>
<u>44,393,522</u>	<u>62,531,496</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 for Rs. 93.5 million registered with Securities and Exchange Commission of Pakistan. It carries mark up at the rate of 3 months average Karachi Inter Bank Offer Rate (KIBOR) plus 200 bps.

## **7 Contingencies and commitments**

### **7.1 Contingencies**

These are same as disclosed in the annual audited financial statements of the Company for the year ended June 30, 2014.



## 7.2 Commitments

There were no significant commitments at the balance sheet date (30 June 2014: Nil).

	July to March 2015	July to March 2014	January to March 2015	January to March 2014
(-----Rupees-----)				
<b>8 Cost of sales</b>				
Raw material and stores consumed	351,629,139	254,959,297	117,869,256	83,833,312
Salaries, wages and other benefits	32,427,359	26,935,187	9,804,200	8,504,111
Depreciation	10,474,366	8,655,958	4,263,976	3,003,879
Fuel and power	35,624,822	42,849,290	6,201,935	14,863,958
Repair and maintenance	5,270,430	5,943,931	1,467,232	2,330,242
Sample testing	314,871	61,809	101,900	47,500
Equipment hiring charges	4,369,520	8,962,040	2,182,935	2,629,905
Carriage and freight	9,029,838	3,525,700	8,887,296	-
Land rent and commission	4,067,398	4,138,826	1,373,949	1,599,326
Security expenses	2,200	176,280	-	-
Insurance expenses	1,733,621	950,148	494,534	457,207
	<u>454,943,564</u>	<u>357,158,466</u>	<u>152,647,213</u>	<u>117,269,440</u>

## 9 Transactions with related parties

Related parties comprise associated undertakings and key management personnel. The Company in the normal course of business carries out transactions with various related parties.

Detail of transactions with related parties are as follows:

	July to March 2015	July to March 2014
(-----Rupees-----)		
<b>9.1 Transactions with related parties</b>		
<b>Associated Companies:</b>		
<i>Power Cement Limited:</i>		
Purchase of cement	20,953,503	30,869,417
<i>Kaizen Construction (Pvt.) Ltd.:</i>		
Sale of goods	-	5,557,208
Purchase of goods	-	776,976
<i>Javedan Corporation Limited:</i>		
Sale of goods	4,117,300	-



**31 March**      **31 March**  
**2015**            **2014**  
 (-----Rupees-----)

**10 Cash and cash equivalent**

Cash and bank balances	<b>1,167,677</b>	8,088,069
Short term borrowings	<b>(44,393,522)</b>	(53,674,299)
	<b><u>(43,225,845)</u></b>	<u>(45,586,230)</u>

**11 Operating segments**

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

**11.1** Revenue from sale of ready mix concrete represents 100% (2014: 100%) of the gross sales of the Company.

**11.2** 100% (2014: 100%) of the gross sales of the Company are made to customers located in Pakistan.

**11.3** All non-current assets of the Company as at 31 March 2015 are located in Pakistan.

**12 Date of authorization for issue**

The financial statements were authorized for issue on April 29, 2015 by the board of directors of the Company.

**13 General**

**13.1** The figures have been rounded off to nearest rupee.



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