

Quarterly Report  
March 31, 2013



  
safe mix  
Concrete Products Ltd.

**SAFE MIX CONCRETE PRODUCTS LTD.**

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## COMPANY INFORMATION

### Board of Directors

Mr. Arif Habib  
Chairman

Air Chief Marshal Tanvir Ahmed NI(M), SBT. (R)  
Director

Mr. Nasim Beg  
Director

Mr. Zeshan Afzal  
Director

Mr. Asim Tiwana  
Director

Mr. Nadir Ali  
Director

Syed Maratib Ali  
Chief Executive Officer

### 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

Air Chief Marshal Tanvir Ahmed NI(M), SBT. (R)  
Chairman

Mr. Nadir Ali  
Member

Mr. Nasim Beg  
Member

### Human Resources & Remuneration Committee

Mr. Zeshan Afzal  
Chairman

Syed Maratib Ali  
Chief Executive Officer

Mr. Nadir Ali  
Member

### Bankers

Habib Metropolitan Bank Limited  
The Bank of Punjab

### 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 quarter ended 31st March 2013.

### Over view

During the period under review, the Company has achieved positive results as compared to corresponding nine months period during the last year. The Company is putting all efforts to achieve better results given the current market condition and increasing raw materials & diesel costs.

The Company has achieved sales of Rs. 464.770 million showing an increase of 12% in turnover as well as increase of 25% in volume compared to the corresponding period last year.

### Operating results

	Nine months Ended 31st March		Third quarter Ended 31st March	
	2013	2012	2013	2012
Profit / (loss) before taxation	<b>9,249,059</b>	3,075,799	<b>4,595,597</b>	6,581,708
Taxation	<b>(3,582,361)</b>	(5,371,426)	<b>(1,374,566)</b>	(1,293,847)
Profit / (loss) after taxation	<b><u>5,666,698</u></b>	<u>(2,295,627)</u>	<b><u>3,221,031</u></b>	<u>5,287,861</u>
Earnings / (loss) per share	<b><u>0.28</u></b>	<u>(0.11)</u>	<b><u>0.16</u></b>	<u>0.26</u>

### Earnings per share

Profit per share for the period ended is Rs. 0.28 per share as compared to loss per share for the same period of the last year was Rs.0.11 per share.

### Future Outlook

The Company is foreseeing increase in volume of ready mix concrete market and resultant increase in Company's market share. The Company is putting all efforts to capitalize on all available opportunities to increase sale volumes and bring efficiency in operations to improve Company earnings.

### 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

-Sd-

Director

-Sd-

Director

Karachi: 29th April, 2013

## CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT 31 MARCH 2013

	31 March 2013 Un-Audited	30 June 2012 Audited
Note	----- Rupees -----	
<b>Non - current assets</b>		
Fixed assets	5 187,618,911	188,710,333
Long term deposits	4,075,770	4,220,120
	<u>191,694,681</u>	<u>192,930,453</u>
<b>Current assets</b>		
Stores and spares	2,152,384	3,081,448
Stock in trade	14,150,260	28,023,759
Trade debts	94,506,420	71,918,294
Advances, prepayments and other receivables	5,393,071	4,014,085
Tax refund due from Government	26,638,144	22,821,879
Cash and bank balances	10,700,469	6,199,996
	<u>153,540,748</u>	<u>136,059,461</u>
<b>Current liabilities</b>		
Trade and other payables	69,795,032	75,323,924
Accrued markup	2,184,368	2,369,760
Short term running finance - secured	62,808,056	46,108,802
Current portion of liabilities against assets subject to finance lease	1,120,281	2,448,417
	<u>135,907,737</u>	<u>126,250,903</u>
<b>Net current assets</b>	17,633,011	9,808,558
<b>Non - current liabilities</b>		
Liabilities against assets subject to finance lease	-	336,527
Deferred liability - taxation	6,568,825	5,310,316
	<u>6,568,825</u>	<u>5,646,843</u>
	<u>202,758,866</u>	<u>197,092,168</u>
<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	(11,969,710)	(17,636,408)
	<u>202,758,866</u>	<u>197,092,168</u>
<b>Contingencies and commitments</b>	7	

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

The Chief Executive is out of Pakistan and in his absence these financial statement have been signed by two directors as required under section 241 (2) of the Companies Ordinance 1984.

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Director

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Director

**CONDENSED INTERIM  
PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE PERIOD ENDED 31 MARCH 2013**

	Note	2013		2012	
		July to March	January to March	July to March	January to March
----- Rupees -----					
Revenue		464,770,376	157,772,377	415,011,633	154,219,316
Cost of sales	8	(446,851,863)	(149,185,552)	(410,635,931)	(146,453,893)
<b>Gross profit</b>		<u>17,918,513</u>	<u>8,586,825</u>	<u>4,375,702</u>	<u>7,765,423</u>
Selling and administrative expenses		(19,426,466)	(6,381,873)	(18,248,417)	(5,863,037)
<b>Operating Profit / (loss)</b>		<u>(1,507,953)</u>	<u>2,204,953</u>	<u>(13,872,716)</u>	<u>1,902,386</u>
Finance cost		(7,077,735)	(2,257,216)	(8,702,076)	(2,857,156)
Other operating income		17,834,747	4,647,861	25,650,591	7,536,478
<b>Profit / (loss) before taxation</b>		<u>9,249,059</u>	<u>4,595,597</u>	<u>3,075,799</u>	<u>6,581,708</u>
Taxation		(3,582,361)	(1,374,566)	(5,371,426)	(1,293,847)
<b>Profit / (loss) after taxation</b>		<u>5,666,698</u>	<u>3,221,031</u>	<u>(2,295,627)</u>	<u>5,287,861</u>
<b>Earnings / (loss) per share- basic &amp; diluted</b>		<u>0.28</u>	<u>0.16</u>	<u>(0.11)</u>	<u>0.26</u>

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Director

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Director

**CONDENSED INTERIM  
STATEMENT OF COMPREHENSIVE INCOME / (LOSS)  
(UN-AUDITED)  
FOR THE PERIOD ENDED 31 MARCH 2013**

	July to March 2013	January to March 2013	July to March 2012	January to March 2012
	----- Rupees -----			
<b>Profit / (loss) after taxation</b>	5,666,698	3,221,031	(2,295,628)	5,287,861
<b>Other comprehensive income</b>	-	-	-	-
<b>Total comprehensive profit / (loss) for the period</b>	5,666,698	3,221,031	(2,295,628)	5,287,861

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Director

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Director

**CONDENSED INTERIM  
CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE PERIOD ENDED 31 MARCH 2013**

	<i>Note</i>	<b>July to March 2013</b>	<b>July to March 2012</b>
		----- Rupees -----	
<b>Cash flow from operating activities</b>			
Profit before taxation		9,249,059	3,075,799
<i>Adjustments for non-cash items:</i>			
Depreciation		11,037,114	9,373,419
Interest income		(455,931)	(317,142)
Loss on disposal of fixed assets		-	(431,545)
Finance cost		7,077,735	8,702,076
		<u>17,658,918</u>	<u>17,326,809</u>
<b>Operating profit before changes in working capital</b>		26,907,977	20,402,608
<b>Changes in working capital</b>			
<i>(Increase) / decrease in current assets</i>			
Trade debts		(22,588,126)	(19,889,740)
Stock in trade		13,873,499	5,408,687
Stores and spares		929,064	(1,667,071)
Advances, deposits, prepayments and other receivables		(1,378,986)	(3,774,828)
		(9,164,549)	(19,922,952)
<i>Decrease in current liabilities</i>			
Trade and other payables		(5,603,202)	23,584,566
<b>Cash flow from operating activities</b>		12,140,226	24,064,222
Taxes paid		(6,065,807)	(6,223,935)
Finance cost paid		(7,263,127)	(9,009,713)
Long term deposits		144,350	3,000
		<u>(13,184,584)</u>	<u>(15,230,648)</u>
<b>Net cash generated from/(used in) operating activities</b>		(1,044,358)	8,833,574
<b>Cash flow from investing activities</b>			
Fixed capital expenditure		(9,945,692)	(6,306,480)
Interest income received		455,931	317,142
Proceeds from sale of fixed assets		-	1,150,000
<b>Net cash used in investing activities</b>		(9,489,762)	(4,839,338)
<b>Cash flow from financing activities</b>			
Repayments of liabilities against assets subject to finance lease		(1,664,662)	(1,300,454)
Repayments of long term loan		-	(10,000,000)
<b>Net cash used in financing activities</b>		(1,664,662)	(11,300,454)
<b>Net increase / (decrease) in cash and cash equivalents</b>		(12,198,781)	(7,306,218)
<b>Cash and cash equivalents at the beginning of the period</b>		(39,908,806)	(36,593,012)
<b>Cash and cash equivalents at the end of the period</b>	10	<u>(52,107,587)</u>	<u>(43,899,230)</u>

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

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Director

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Director



**CONDENSED INTERIM  
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE PERIOD ENDED 31 MARCH 2013**

	Ordinary Shares	Share Premium reserve	Accumulated Profit/(loss)	Total
----- Rupees -----				
<b>Balance as at 30 June 2011 - Audited</b>	200,000,000	14,728,576	(10,881,672)	203,846,904
Total comprehensive loss for the period ended 31 March 2012	-	-	(2,295,627)	(2,295,627)
Balance as at 31 March 2012- Un-audited	<u>200,000,000</u>	<u>14,728,576</u>	<u>(13,177,299)</u>	<u>201,551,277</u>
<b>Balance as at 30 June 2012 - Audited</b>	<b>200,000,000</b>	<b>14,728,576</b>	<b>(17,636,408)</b>	<b>197,092,168</b>
Total comprehensive profit for the period ended 31 March 2013	-	-	5,666,698	5,666,698
<b>Balance as at 31 March 2013 - Un-audited</b>	<u><b>200,000,000</b></u>	<u><b>14,728,576</b></u>	<u><b>(11,969,710)</b></u>	<u><b>202,758,866</b></u>

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

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Director

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Director

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH 2013

### 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 six months period ended 31 March 2013 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, 2012.

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 2013, 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-1 Presentation of Financial Statements
- IAS-1 (amendment)- Presentation of items of Other Comprehensive Income
- IAS-19 (amendment)- Employee Benefits
- IAS-32 (amendment) -Offsetting Financial assets and Financial Liabilities
- IAS-32 Financial Instruments: Presentation
- IFRS-7 (amendment) -Offsetting Financial assets and Financial Liabilities
- IAS-27 Separate Financial Statements (2011)
- IAS-28 Investments in Associates and Joint Ventures (2011)
- IAS-16 Property, Plant and Equipment
- IAS-34 Interim Financial Reporting
- IFRIC-20 Stripping cost in the production phase of a surface mining

			<b>31 March 2013</b>	30 June 2012
			<b>Un-audited</b>	Audited
			----- Rupees -----	
<b>5</b>	<b>Property, plant and equipment</b>	<i>Note</i>		
	Operating fixed assets	5.1	<b>187,335,691</b>	188,070,778
	Capital work in progress		<b>283,220</b>	639,555
			<b>187,618,911</b>	188,710,333
	<b>5.1 Operating fixed assets</b>			
	Opening book value		<b>188,070,778</b>	188,693,010
	Add: Additions during the period / year	5.2	<b>10,240,150</b>	12,557,368
	Less: Disposals during the period / year - net book value		-	(708,455)
	Depreciation charged during the period / year		<b>(10,975,237)</b>	(12,471,145)
	Closing book value		<b>187,335,691</b>	188,070,778
	<b>5.2 Break-up of additions</b>			
	<i>Owned assets:</i>			
	Plant and machinery		<b>9,610,246</b>	11,263,653
	Buildings		-	57,236
	Project temporary civil works		<b>489,783</b>	
	Vehicles		-	914,688
	Computers		<b>140,121</b>	321,791
			<b>10,240,150</b>	12,557,368
			<b>Limit in millions of Rupees</b>	
		<i>Note</i>	<b>31 March 2013</b>	30 June 2012
			----- Rupees -----	
<b>6</b>	<b>Short term running finance- secured</b>			
	The Bank of Punjab	70	6.1	62,808,056
				46,108,802
	<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 200 bps with a floor of 13% per annum payable on quarterly basis.			
<b>7</b>	<b>Contingencies and commitments</b>			
	<b>7.1 Contingencies</b>			
	<b>7.1.1</b> 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 ( " 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 audit 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 ( " Court " ) 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 24th 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.			

7.1.2 During the last year 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. However, in case of adverse decision of the case, an estimated sale tax liability amounting to Rs. 87.6 million may arise up to the date of Condensed interim Balance Sheet. Based on the negotiations with FBR and the legal opinion, the management is expecting a favorable outcome and accordingly no provision in this respect has been made in these financial statements.

## 7.2 Commitments

There were no significant commitments at the balance sheet date (30 June 2012: Nil).

	July to March 2013	January to March 2013	July to March 2012	January to March 2012
<b>8 Cost of sales</b>	----- Rupees -----			
Raw material and stores consumed	328,533,755	107,109,745	324,220,244	116,672,371
Salaries, wages and other benefits	28,101,034	10,326,858	23,986,717	7,587,394
Depreciation	10,362,622	3,757,289	8,748,020	2,994,444
Fuel and power	56,560,316	18,901,796	41,583,066	15,109,743
Repair and maintenance	6,841,524	2,292,585	5,876,667	2,208,624
Sample testing	225,241	39,105	70,960	19,310
Equipment hiring charges	9,962,524	4,355,664	1,949,099	481,046
Carriage and freight	452,586	53,100	4,820	1,920
Land rent and commission	3,615,000	1,620,000	1,874,997	624,999
Security expenses	318,191	105,291	255,550	85,500
Insurance expenses	1,879,071	624,119	2,065,791	668,542
	<u>446,851,863</u>	<u>149,185,552</u>	<u>410,635,932</u>	<u>146,453,893</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 2013 Rupees	July to March 2012 Rupees
<b>9.1 Transactions with related parties</b>	----- Rupees -----	
<b>Associated Companies:</b>		
ABE Pak (Private) Limited		
Purchase of goods	1,722,300	2,838,200
Sale of goods	88,000	-
Al Abbas Cement		
Purchase of cement	-	7,804,147
Thatta Cement Limited:		
Purchase of goods	-	804,807
Kaizen Construction (Pvt.) Ltd.		
Sale of goods	459,953	-
<b>Key management personnel</b>		
Remuneration of Key management Personnel	12,266,418	9,224,648

	<b>31 March 2013</b>	31 March 2012
	----- Rupees -----	
<b>10 Cash and cash equivalent</b>		
Cash and bank balances	<b>10,700,469</b>	7,064,024
Short term borrowings	<b>(62,808,056)</b>	(50,963,254)
	<u><b>(52,107,587)</b></u>	<u>(43,899,230)</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% (2012: 100%) of the gross sales of the Company.

**11.2** 100% (2012: 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 2013 are located in Pakistan.

**12 Date of authorization for issue**

The financial statements were authorized for issue on 29th April 2013 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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Director

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Director

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CORPORATE