

**Quarterly Report
March 31, 2012**



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 nine months period ended 31st March 2012.

Over view

During the period under review, the Company has showed signs of improvement in comparison to the same period last year. The Company has been able to achieve sales of Rs.415.011 million, showing an increase of 10% in turnover as well as increase of 23% in volume as compared to the corresponding period last year.

This was achieved despite the continuing 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

	Nine months Ended 31st March		Third quarter Ended 31st March	
	2012	2011	2012	2011
Profit / (loss) before taxation	3,075,798	(1,172,215)	6,581,708	2,698,611
Taxation	(5,371,426)	(3,787,137)	(1,293,847)	(841,670)
Profit / (loss) after taxation	(2,295,628)	(4,959,352)	5,287,861	1,856,941
Earning / (loss) per share	(0.11)	(0.25)	0.26	0.09

Earning / (loss) per share

Loss per share for the nine months period ended is Rs.0.11 per share as compared to loss per share for the same period of the last year was Rs.0.25 per share.

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: 24th April, 2012

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT 31 MARCH 2012

		31 March 2012 Un-audited	30 June 2011 Audited
	Note	----- Rupees -----	
Non - current assets			
Fixed assets	5	185,871,685	189,647,041
Long term deposits		4,224,120	4,227,120
Current assets			
Stores and spares		4,773,810	3,106,739
Stock in trade		29,681,527	35,090,214
Trade debts		79,587,532	59,697,792
Advances, prepayments and other receivables		9,787,664	6,012,836
Tax refund due from Government		21,780,086	19,577,016
Cash and bank balances		7,064,024	4,894,886
		152,674,643	128,379,483
Current liabilities			
Trade and other payables		72,773,537	49,049,683
Accrued markup		2,631,017	2,938,654
Current portion of liabilities against assets subject to finance lease		1,971,332	1,782,792
Short term running finance - secured	6	50,963,256	41,487,898
		128,339,142	95,259,027
Net current assets		24,335,501	33,120,456
Non - current liabilities			
Long term loan - unsecured	7	5,000,000	15,000,000
Liabilities against assets subject to finance lease		1,295,953	2,784,947
Deferred taxation		6,584,075	5,362,766
Contingencies and commitments	8	12,880,028	23,147,713
		201,551,278	203,846,904
Financed by:			
Share capital and reserves			
Authorized Share capital			
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		(13,177,299)	(10,881,672)
		201,551,277	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 NINE MONTHS ENDED 31 MARCH 2012**

	Note	2012		2011	
		July to March	January to March	July to March	January to March
----- Rupees -----					
Revenue		415,011,633	154,219,316	378,713,690	134,746,015
Cost of sales	9	(410,635,932)	(146,453,893)	(354,718,028)	(123,033,752)
Gross profit		4,375,701	7,765,423	23,995,662	11,712,263
Administrative expenses		(18,248,417)	(5,863,037)	(20,441,890)	(7,770,018)
Operating (loss) / profit		(13,872,716)	1,902,386	3,553,772	3,942,245
Finance cost		(8,702,076)	(2,857,156)	(9,372,659)	(3,377,988)
Other operating income		25,650,591	7,536,478	4,646,672	2,134,354
Profit / (loss) before taxation		3,075,799	6,581,708	(1,172,215)	2,698,611
Provision for taxation		(5,371,426)	(1,293,847)	(3,787,137)	(841,670)
(Loss) / profit after taxation		(2,295,627)	5,287,861	(4,959,352)	1,856,941
(Loss) / earning per share					
- basic & diluted		(0.11)	0.26	(0.25)	0.09

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


Chief Executive


Director

**CONDENSED INTERIM
STATEMENT OF COMPREHENSIVE (LOSS) / INCOME
(UN-AUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2012**

	2012		2011	
	July to March	January to March	July to March	January to March
	----- Rupees -----			
(Loss) / profit after taxation	(2,295,627)	5,287,861	(4,959,352)	1,856,941
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / profit for the period	(2,295,627)	5,287,861	(4,959,352)	1,856,941

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 NINE MONTHS ENDED 31 MARCH 2012**

	July to March 2012	July to March 2011
<i>Note</i>	----- Rupees -----	
Cash flow from operating activities		
Profit / (loss) before taxation	3,075,799	(1,172,215)
<i>Adjustments for non-cash items:</i>		
Depreciation	9,373,419	8,880,888
Interest income	(317,142)	(195,518)
Gain on disposal of fixed assets	(431,545)	(686,410)
Finance cost	8,702,076	9,372,659
	17,326,808	17,371,619
Operating profit before changes in working capital	20,402,608	16,199,404
Changes in working capital items:		
<i>(Increase) / decrease in current assets</i>		
Trade debts	(19,889,740)	(18,469,687)
Long term deposits	3,000	290,000
Stock in trade	5,408,687	(18,743,862)
Stores and spares	(1,667,071)	(728,297)
Advances, prepayments and other receivables	(3,774,828)	3,167,010
	(19,919,952)	(34,484,836)
<i>Increase in current liabilities</i>		
Trade and other payables	23,584,566	20,475,552
Cash used in operations	24,067,222	2,190,120
Taxes paid	(6,223,935)	(5,335,800)
Finance cost paid	(9,009,713)	(8,635,328)
	(15,233,648)	(13,971,128)
Net cash generated from / (used in) operating activities	8,833,574	(11,781,008)
Cash flow from investing activities		
Fixed capital expenditure	(6,306,480)	(2,126,080)
Interest income received	317,142	195,518
Sale proceeds on disposal of fixed assets	1,150,000	1,080,000
Net cash used in investing activities	(4,839,338)	(850,562)
Cash flow from financing activities		
Repayments of liabilities against assets subject to finance lease	(1,300,454)	(1,413,263)
Repayments of long term loan	(10,000,000)	-
Net cash used in financing activities	(11,300,454)	(1,413,263)
Net decrease in cash and cash equivalents	(7,306,218)	(14,044,833)
Cash and cash equivalents at the beginning of the period	(36,593,012)	(35,559,303)
Cash and cash equivalents at the end of the period	(43,899,230)	(49,604,136)

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 NINE MONTHS ENDED 31 MARCH 2012**

	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 nine months ended 31 March 2011	-	-	(4,959,352)	(4,959,352)
Balance as at 31 March 2011 - Un-audited	<u>200,000,000</u>	<u>14,728,576</u>	<u>(10,874,598)</u>	<u>203,853,978</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 nine months 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>

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 NINE MONTHS ENDED 31 MARCH 2012

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

			31 March 2012 Un-audited	30 June 2011 Audited
			----- Rupees -----	
5	Fixed assets	<i>Note</i>		
	<i>Owned and leased assets:</i>			
	Operating fixed assets	5.1	185,871,685	188,693,010
	Capital work in progress		-	954,031
			<u>185,871,685</u>	<u>189,647,041</u>
	5.1 Operating fixed assets			
	Opening book value		188,693,048	201,827,503
	Add: Additions during the period	5.2	7,260,511	2,304,694
	Less: Disposals during the period - net book value		(708,455)	(3,761,552)
	Depreciation charged during the period		<u>(9,373,419)</u>	<u>(11,677,635)</u>
	Closing book value		<u>185,871,685</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		6,134,996	2,171,408
	Vehicles		914,688	
	Office equipment		153,591	30,600
			<u>7,260,511</u>	<u>2,304,694</u>
	<i>Leased</i>		-	-
			<u>7,260,511</u>	<u>2,304,694</u>
		<i>Limit in millions of Rupees</i>		
		<i>Note</i>	31 March 2012 Un-audited	30 June 2011 Audited
			----- Rupees -----	
6	Short term running finance- secured			
	The Bank of Punjab	70	6.1	<u>50,963,256</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.

		31 March 2012 Un-audited	30 June 2011 Audited
		----- Rupees -----	
7	Long term loan	5,000,000	15,000,000

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 March 2012 Un-audited	January to March 2012 Un-audited	July to March 2011 Un-audited	January to March 2011 Un-audited
	----- Rupees -----			
9	Cost of sales			
	Raw material and stores consumed	324,220,244	116,672,371	285,983,483
	Salaries, wages and other benefits	23,986,717	7,587,394	22,583,236
	Depreciation	8,748,020	2,994,444	8,033,200
	Fuel and power	41,583,066	15,109,743	26,496,457
	Repair and maintenance	5,876,667	2,208,624	4,001,946
	Sample testing	70,960	19,310	534,506
	Equipment hiring charges	1,949,099	481,046	2,052,895
	Carriage and freight	4,820	1,920	455,381
	Land rent and commission	1,874,997	624,999	2,274,997
	Security expenses	255,550	85,500	256,500
	Insurance expenses	2,065,791	668,542	2,045,427
		410,635,932	146,453,893	354,718,028
				123,033,752

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:

	July to March 2012 Un-audited	July to March 2011 Un-audited
10.1 Transactions with related parties	----- Rupees -----	
Associated Companies:		
<i>ABE Pak (Private) Limited:</i> Purchase of goods	2,838,200	10,380,721
<i>Al Abbas Cement:</i> Purchase of cement	7,804,147	4,596,917
<i>IGI Insurance:</i> Insurance premium	1,704,610	2,005,850
<i>Thatta Cement Limited:</i> Purchase of goods	804,807	5,193,463
<i>Habib Metropolitan Bank Limited:</i> Interest income	315,258	191,922
Tax deducted at source	34,677	47,531
Bank charges	1,791	4,596
Lease installments paid	257,325	92,917
Directors: Interest on loan from directors	1,254,247	1,350,000
Key management personnel Short term employee benefits	9,244,648	9,067,800
	31 March 2012 Un-audited	30 June 2011 Audited
10.2 Balances with related parties	----- Rupees -----	
Associated Companies:		
<i>ABE Pak (Private) Limited:</i>	982,008	1,835,000
<i>Thatta Cement Limited:</i>	388,692	-
<i>Habib Metropolitan Bank Limited:</i> Bank balance	6,898,108	4,777,057
Lease liability	447,300	704,654
<i>Al Abbas Cement:</i>	1,171,011	-
Directors: Accrued markup	354,247	450,000
Long term loan	5,000,000	15,000,000
Key management personnel Short term employee benefits	450,608	1,132,183

	July to March 2012 Un-audited	July to March 2011 Un-audited
	----- Rupees -----	

11 Cash and cash equivalent

Cash and bank balances	7,064,024	2,559,283
Short term borrowings	(50,963,256)	(52,163,419)
	<u>(43,899,232)</u>	<u>(49,604,136)</u>

12 Date of authorization for issue

The financial statements were authorized for issue on April 24, 2012 by the Board of Directors of the Company.

13 General

13.1 Corresponding figures have been re-arranged wherever necessary for the purposes of comparison, however, no significant re-arrangements have been made.

13.2 The figures have been rounded off to nearest rupee.


Chief Executive


Director

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PRINTED MATTER

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