

Quarterly Report
September 30, 2011




safe mix
Concrete Products Ltd.

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 Advisors

Ibrahim Hossain
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
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 quarter ended 30th September 2011.

Over view

During the quarter under review, the Company continued to remain under pressure in Karachi region where reduced margin, increased basic raw material prices, stiff competition in the ready mix concrete market and liquidity problems gave a tough time to achieve the desired results. In the Lahore region the Company got better results as compared to corresponding quarter last year.

The Company achieved sales of Rs.138.12 million showing an increase of 9.6% compared to the corresponding quarter last year.

Operating results

	Quarter Ended 30th September	
	2011	2010
Loss before taxation	(757,341)	(987,057)
Taxation	(1,381,231)	(1,449,745)
Loss after taxation	<u>(2,138,572)</u>	<u>(2,436,802)</u>

Loss per share

Loss per share for the quarter ended is Rs. 0.11 per share as compared to loss per share for the same quarter of the last year was Rs. 0.12 per share.

Future Outlook

In these difficult economic conditions both in the industry and the country, the company is striving to undertake some major projects, reduce costs and expects to come up with a better return to the shareholders in the future years.

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: October 28, 2011

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT 30 SEPTEMBER 2011

		Unaudited 30 September 2011	Audited 30 June 2011
	Note	----- Rupees -----	
Non - current assets			
Property, plant and equipment	5	187,966,455	189,647,041
Long term deposits		4,227,120	4,227,120
		<u>192,193,575</u>	<u>193,874,161</u>
Current assets			
Stores, spare parts and loose tools		3,992,053	3,106,739
Stock in trade		35,417,374	35,090,214
Trade debts		86,335,660	59,697,792
Advances, prepayments and other receivables		9,360,919	6,012,836
Tax refund due from Government		19,356,513	19,577,016
Cash and bank balances		2,714,204	4,894,886
		<u>157,176,723</u>	<u>128,379,483</u>
Current liabilities			
Trade and other payables		61,012,727	49,049,683
Accrued markup		2,742,358	2,938,654
Short term running finance - secured	6	59,386,741	41,487,898
Current portion of liabilities against assets subject to finance lease		1,920,890	1,782,792
		<u>125,062,716</u>	<u>95,259,027</u>
Net current assets		<u>32,114,007</u>	<u>33,120,456</u>
Non - current liabilities			
Long term loan - unsecured	7	15,000,000	15,000,000
Liabilities against assets subject to finance lease		2,236,484	2,784,947
Deferred liability - taxation		5,362,766	5,362,766
		<u>22,599,250</u>	<u>23,147,713</u>
		<u>201,708,332</u>	<u>203,846,904</u>
Financed by:			
Share capital and reserves			
Authorized 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>(13,020,244)</u>	<u>(10,881,672)</u>
		<u>201,708,332</u>	<u>203,846,904</u>
Contingencies and commitments	8		

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 QUARTER ENDED 30 SEPTEMBER 2011**

	Quarter Ended 30 September 2011	Quarter Ended 30 September 2010
	----- Rupees -----	----- Rupees -----
Revenue	138,123,060	126,021,877
Cost of sales	9 <u>(132,117,019)</u>	<u>(119,457,367)</u>
Gross profit	6,006,041	6,564,510
Selling & administrative expenses	<u>(5,914,186)</u>	<u>(6,063,602)</u>
Operating profit	91,855	500,908
Finance cost	<u>(2,967,712)</u>	(2,810,474)
Other operating income	<u>2,118,516</u>	1,322,509
Loss before taxation	(757,341)	(987,057)
Provision for taxation	<u>(1,381,231)</u>	(1,449,745)
Loss after taxation	<u>(2,138,572)</u>	<u>(2,436,802)</u>
Loss per share - basic and diluted	<u>(0.11)</u>	<u>(0.12)</u>

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 QUARTER ENDED 30 SEPTEMBER 2011**

	Quarter Ended 30 September 2011	Quarter Ended 30 September 2010
	----- Rupees -----	
Loss after taxation	(2,138,572)	(2,436,802)
Other comprehensive income	-	-
Total comprehensive loss for the period	<u>(2,138,572)</u>	<u>(2,436,802)</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 QUARTER ENDED 30 SEPTEMBER 2011**

	<i>Note</i>	Quarter Ended 30 September 2011	Quarter Ended 30 September 2010
		----- Rupees -----	
Cash used in operations	11	(14,131,707)	(2,087,268)
Taxes paid		(1,160,729)	(1,143,654)
Finance cost paid		(3,164,008)	(2,593,131)
		<u>(4,324,737)</u>	<u>(3,736,785)</u>
Net cash used in operating activities		(18,456,444)	(5,824,053)
Cash flow from investing activities			
Fixed capital expenditure		(1,286,717)	(1,449,442)
Interest received		74,001	31,153
Net cash used in investing activities		(1,212,716)	(1,418,289)
Cash flow from financing activities			
Repayment of liabilities against assets subject to finance lease		(410,365)	(446,694)
Net cash used in financing activities		(410,365)	(446,694)
Net decrease in cash and cash equivalents		(20,079,525)	(7,689,036)
Cash and cash equivalents at beginning of the period		(36,593,012)	(35,559,303)
Cash and cash equivalents at the end of the period	12	(56,672,537)	(43,248,339)

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 QUARTER ENDED 30 SEPTEMBER 2011**

	Issued, subscribed and paid up capital	Share Premium Reserve	Accumulated loss	Total
----- Rupees -----				
Balance as at 01 July, 2010	200,000,000	14,728,576	(5,915,246)	208,813,330
Changes in equity for the quarter ended 30 September 2010				
Total comprehensive loss for the quarter ended 30 September 2010			(2,436,802)	(2,436,802)
Balance as at 30 September, 2010	<u>200,000,000</u>	<u>14,728,576</u>	<u>(8,352,048)</u>	<u>206,376,528</u>
Total comprehensive loss for the nine months ended 30 June 2010			(2,529,624)	(2,529,624)
Balance as at 30 June, 2011	<u>200,000,000</u>	<u>14,728,576</u>	<u>(10,881,672)</u>	<u>203,846,904</u>
Changes in equity for the quarter ended 30 September 2011				
Total Comprehensive loss for the quarter ended 30 September 2011			(2,138,572)	(2,138,572)
Balance as at 30 September, 2011	<u><u>200,000,000</u></u>	<u><u>14,728,576</u></u>	<u><u>(13,020,244)</u></u>	<u><u>201,708,332</u></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 QUARTER ENDED 30 SEPTEMBER 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 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 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

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 / International Accounting Standards are mandatory for the first time for the financial year beginning on or after 1 July 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.

- IAS 1 - Presentation of Financial Statements
- IAS 12 - Income Tax
- IAS 19 - Employee Benefits
- IAS 24 - Related Party Disclosures
- IFRS 7 - Financial Instruments: disclosure
- IFRIC 13 - Customer Loyalty Programmes
- IFRIC 14 - The Limit on a Defined Benefit Assets - Minimum Funding Requirements

		Unaudited 30 September 2011	Audited 30 June 2011
		----- Rupees -----	
5. Property, plant and equipment	<i>Note</i>		
Owned and leased assets:			
Operating assets - at net book value	5.1	187,837,423	188,693,010
Capital work in progress - at cost		129,032	954,031
		<u>187,966,455</u>	<u>189,647,041</u>
5.1 Operating assets			
Opening book value		188,693,010	201,827,503
Add: Additions during the period	5.2	2,111,716	2,304,694
Depreciation charged during the period		(2,967,303)	(11,677,635)
Less: Disposals during the period - net book value	5.2	-	(3,761,552)
Closing book value		<u>187,837,423</u>	<u>188,693,010</u>
		Acquisitions Cost 2011	Disposals Book value 2011
		----- Rupees -----	
5.2 Break-up of additions / disposals			
Plant and machinery		<u>2,111,716</u>	-
		<u>2,111,716</u>	-
		Unaudited 30 September 2011	Audited 30 June 2011
		----- Rupees -----	
6 Short term running finance - secured			
The Bank of Punjab	70	6.1	
		<u>59,386,741</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 arrangement. 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.		
		<i>Note</i>	
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 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 2011:Nil).		

	Quarter Ended 30 September 2011	Quarter Ended 30 September 2010
	----- Rupees -----	
9. Cost of sales		
Raw material and stores consumed	104,909,394	92,097,156
Salaries, wages and other benefits	7,017,550	8,116,322
Depreciation	2,753,901	4,943,934
Fuel and power	13,643,073	8,942,856
Repair and maintenance	1,496,676	1,588,720
Sample testing	23,670	252,016
Equipment hiring charges	952,353	1,760,795
Land rent and commission	624,999	1,024,999
Carriage and freight	-	100,875
Insurance expenses	695,403	629,694
	<u>132,117,019</u>	<u>119,457,367</u>
10 Transactions with related parties		
Associated Companies:		
ABE Pak (Private) Limited:		
Purchase of goods	1,145,600	3,130,244
IGI Insurance:		
Insurance premium	1,912,471	1,217,047
Thatta Cement Limited:		
Purchase of goods	340,782	2,451,726
Al-Abbas Cement Limited:		
Purchase of goods	2,988,564	-
Habib Metropolitan Bank Limited:		
Interest income	73,378	56,643
Tax deducted at source	4,532	14,079
Bank charges	648	2,160
Lease finance charges	21,496	33,934
Directors:		
Interest on loan from directors	450,000	450,000
11 Cash flow from operating activities		
Loss before taxation	(757,341)	(987,057)
Adjustments of items not involving movement of cash:		
Depreciation	2,967,303	5,228,510
Interest income	(74,001)	(56,643)
Finance cost	2,967,712	2,810,474
	<u>5,861,014</u>	<u>7,982,341</u>
Operating profit before working capital changes	<u>5,103,673</u>	<u>6,995,284</u>

Quarter Ended 30 September 2011 Quarter Ended 30 September 2010
----- Rupees -----

Adjustments for working capital items:

Increase in current assets

Trade debts	(26,637,868)	(7,780,931)
Stock in trade	(327,160)	(17,901,859)
Stores, spare parts and loose tools	(885,314)	(873,336)
Advances, prepayments and other receivables	(3,348,083)	(334,336)

Decrease in current liabilities

Trade and other payables	11,963,044	17,807,910
	<u>(19,235,381)</u>	<u>(9,082,552)</u>

Cash generated from operations

	<u>(14,131,707)</u>	<u>(2,087,268)</u>
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Un-audited 30 September 2011 Audited 30 June 2011

----- Rupees -----

12 Cash and cash equivalent

Cash and bank balances	2,714,204	4,894,886
Short term borrowings	(59,386,741)	(41,487,898)
	<u>(56,672,537)</u>	<u>(36,593,012)</u>

13 Date of authorization for issue

The financial statements were authorized for issue on 28 October, 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

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CORPORATE