



Quarterly Report
March 31, 2011

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>

Board Audit Committee

Syed Yawar Ali
Chairman

Mr. Ziad Bashir
Member

Mr. Nasim Beg
Member

Bankers

The Bank of Punjab
NIB Bank Limited
Bank Alfalah Limited
Habib Metropolitan 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 interim financial statements for the quarter ended 31st March 2011.

Overview

During the quarter under review, the Company remained 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 gave a tough time to achieve the desired results. In the Lahore region the Company got better margins which ultimately reflected better results as compared to the same quarter last year.

In current quarter the management in consultation with its auditors' M/s KPMG Taseer Hadi & Co. changed the basis of recording depreciation of Batching plants and concrete pumps from yearly basis to units produced basis. This change is made to reflect the true and fair value of the assets.

Due to the change in the estimates of recording depreciation the Company achieved a profit after tax during the period amounting to Rs.1.857 million as compared to a loss of Rs.9.312 million during the corresponding period last year. The Company achieved sales of Rs.134.746 million showing an increase of 11.86% on a quarter to quarter basis.

Operating Results

	Quarter Ended	
	31 March 2011	31 March 2010
Profit / (Loss) before taxation	2,698,611	(9,023,164)
Taxation	(841,670)	(289,115)
Profit / (Loss) after taxation	1,856,941	(9,312,279)

Earnings per Share

Earning per share for the quarter ended is Rs. 0.09 as compared to loss per share for the same period of the last year was Rs. 0.47.

Future Outlook

In these difficult economic conditions both in the industry and the country, the company is close to securing some substantial projects which would have a positive impact on the future earnings of the company.

Acknowledgement

The Board would like to take the opportunity to express its appreciation to the customers, suppliers, employees for their dedication and hard work. The Board also acknowledges the support and cooperation received from all other stakeholders.

For and on behalf of the board



Syed Maratib Ali
Chief Executive Officer

Karachi: April 25, 2011

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT 31 MARCH 2011

		Un-audited 31 March 2011	Audited 30 June 2010
	Note	----- Rupees -----	
Non - current assets			
Property, plant and equipment	5	194,736,342	201,884,739
Long term deposits		4,742,975	5,032,975
		199,479,317	206,917,714
Current assets			
Stores, spare parts and loose tools		1,872,331	1,144,034
Stock in trade		38,571,092	19,827,230
Trade debts		85,199,248	66,729,561
Advances, prepayments and other receivables		4,993,220	8,160,230
Tax refund due from Government		18,098,998	16,550,336
Cash and bank balances		2,559,283	6,690,219
		151,294,172	119,101,610
Current liabilities			
Trade and other payables		51,891,851	31,416,299
Accrued markup		2,970,031	2,232,700
Short term running finance - secured	6	52,163,419	42,249,522
Current portion of liabilities against assets subject to finance lease		1,920,890	1,935,792
		108,946,191	77,834,313
Net current assets		42,347,981	41,267,297
Non - current liabilities			
Long term loan - unsecured	7	15,000,000	15,000,000
Liabilities against assets subject to finance lease		4,381,681	5,780,042
Deferred liability - taxation		18,591,639	18,591,639
Contingencies and commitments	8	37,973,320	39,371,681
Net assets		203,853,978	208,813,330
Financed by:			
Share capital and reserves			
Authorized 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		(10,874,598)	(5,915,246)
		203,853,978	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 NINE MONTHS PERIOD ENDED 31 MARCH 2011**

	Note	July to March 2011	January to March 2011	July to March 2010	January to March 2010
		----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
Revenue		378,713,690	134,746,015	374,390,661	120,463,593
Cost of sales	9	<u>(354,461,528)</u>	<u>(122,948,252)</u>	<u>(358,020,509)</u>	<u>(120,634,820)</u>
Gross profit		24,252,162	11,797,763	16,370,152	(171,227)
Administrative expenses		<u>(20,698,390)</u>	<u>(7,855,518)</u>	<u>(18,798,966)</u>	<u>(6,910,311)</u>
Operating profit / (loss)		3,553,772	3,942,245	(2,428,814)	(7,081,538)
Finance cost		<u>(9,372,659)</u>	<u>(3,377,988)</u>	<u>(9,265,139)</u>	<u>(2,984,268)</u>
Other operating income		<u>4,646,672</u>	<u>2,134,354</u>	<u>5,547,484</u>	<u>1,042,642</u>
(Loss) / profit before taxation		<u>(1,172,215)</u>	<u>2,698,611</u>	<u>(6,146,469)</u>	<u>(9,023,164)</u>
Provision for taxation		<u>(3,787,137)</u>	<u>(841,670)</u>	<u>(1,871,953)</u>	<u>(289,115)</u>
(Loss) / profit after taxation		<u><u>(4,959,352)</u></u>	<u><u>1,856,941</u></u>	<u><u>(8,018,422)</u></u>	<u><u>(9,312,279)</u></u>
(Loss) / earnings per share-basic		<u><u>(0.25)</u></u>	<u><u>0.09</u></u>	<u><u>(0.40)</u></u>	<u><u>(0.47)</u></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 NINE MONTHS PERIOD ENDED 31 MARCH 2011**

	July to March 2011	January to March 2011	July to March 2010	January to March 2010
	----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
(Loss) / profit after taxation	(4,959,352)	1,856,941	(8,018,422)	(9,312,279)
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / profit for the period	<u><u>(4,959,352)</u></u>	<u><u>1,856,941</u></u>	<u><u>(8,018,422)</u></u>	<u><u>(9,312,279)</u></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 NINE MONTHS PERIOD ENDED 31 MARCH 2011**

	<i>Note</i>	July to March 2011	July to March 2010
----- Rupees -----			
Cash generated from operations	11	1,900,120	12,437,370
Taxes paid		(5,335,800)	(6,832,410)
Finance cost paid		(8,635,328)	(10,783,110)
		<u>(13,971,128)</u>	<u>(17,615,520)</u>
Net cash (used in) / generated from operating activities		(12,071,008)	(5,178,150)
Cash flow from investing activities			
Fixed capital expenditure		(2,126,080)	(5,038,537)
Proceeds from sale of fixed assets		1,080,000	-
Capital work in progress		-	(67,393,166)
Interest received		195,518	308,990
Net cash used in investing activities		(850,562)	(72,122,713)
Cash flow from financing activities			
Long term finances		-	(2,000,000)
Repayment of liabilities against assets subject to finance lease		(1,413,263)	(1,148,421)
Share capital issued		-	130,000,000
Long term deposits		290,000	1,506,980
Share deposit money		-	(29,750,000)
Share premium reserve		-	25,000,000
Dividend paid		-	(14,000,000)
Share issuance expense		-	(9,531,854)
Net cash (used in) / generated from financing activities		(1,123,263)	100,076,705
Net (decrease) / increase in cash and cash equivalents		(14,044,833)	22,775,842
Cash and cash equivalents at beginning of the period		(35,559,303)	(40,412,191)
Cash and cash equivalents at the end of the period		(49,604,136)	(17,636,349)

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 NINE MONTHS PERIOD ENDED 31 MARCH 2011**

	Issued, subscribed and paid up capital	Share deposit money	Share Premium Reserve	Accumulated profit	Total
----- Rupees -----					
Balance as at 30 June 2009 - Audited	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 nine months ended 31 March 2010	-	-	-	(8,018,422)	(8,018,422)
Final dividend for the year ended 30 June 2009	-	-	-	(14,000,000)	(14,000,000)
Balance as at 31 March 2010 - Un-audited	100,000,000	-	-	(2,394,757)	97,605,243
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	-	-	-	(3,520,489)	(3,520,489)
Balance as at 30 June 2010 - Audited	200,000,000	-	14,728,576	(5,915,246)	208,813,330
Loss for the nine months ended 31 March 2011	-	-	-	(4,959,352)	(4,959,352)
Balance as at 31 March 2011 - Un-audited	200,000,000	-	14,728,576	(10,874,598)	203,853,978

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


Chief Executive


Director

NOTES TO THE INTERIM FINANCIAL STATEMENTS - (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 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 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 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, 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

	Note	Un-audited 31 March 2011	Audited 30 June 2010
----- Rupees -----			
5 Property, plant and equipment			
Owned and leased assets:			
Operating assets - at net book value	5.1 & 5.2	194,611,722	201,827,503
Capital work in progress - at cost		124,620	57,236
		<u>194,736,342</u>	<u>201,884,739</u>
5.1 Operating assets			
Opening book value		201,827,503	132,112,343
Add: Additions during the period	5.3	2,058,696	85,472,476
Less: Disposals during the period - net book value	5.3	(393,590)	-
Depreciation charged during the period		(8,880,888)	15,757,316
Closing book value		<u>194,611,722</u>	<u>201,827,503</u>

5.2 The revised IAS16 – Property, Plant and Equipment requires the review of the residual value and the useful life of an asset at least at each financial year end. The Company has, in accordance with the said Accounting Standard, revised the estimated useful life of Batching plants and Concrete pumps and intends to charge depreciation on such items on the basis of units produced / transported according to the matching principle (since these Plant & Machinery items are used only at the time of manufacturing activity therefore it will result in a better presentation of the carrying value of these Plants and concrete pumps), the estimate has been changed with effect from July 01, 2010.

The revisions were accounted for prospectively as change in accounting estimates and as a result, the depreciation charges of the Company for the nine months ending March 31, 2011 have been decreased by Rs. 6,847,834.

	Amount in Rs.
Depreciation as per previous estimates	14,881,035
Depreciation as per revised estimates	8,033,201
Decrease in Depreciation expense due to change in estimate	<u>(6,847,834)</u>

	Acquisitions Cost 2011	Disposals Book value 2011
----- Rupees -----		
5.3 Break-up of additions / (disposals)		
Plant and machinery	1,932,362	-
Building on leasehold land	22,073	-
Project temporary civil works	73,661	-
Office equipment	30,600	-
Vehicle	-	(393,590)
	<u>2,058,696</u>	<u>(393,590)</u>

	<i>Limit in millions of Rupees</i>	<i>Note</i>	Un-audited 31 March 2011 ----- Rupees -----	Audited 30 June 2010
6 Short term running finance- secured				
The Bank of Punjab	70	6.1	<u>52,163,419</u>	<u>42,249,522</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 10% per annum payable on quarterly basis.

	<i>Note</i>	Un-audited 31 March 2011 ----- Rupees -----	Audited 30 June 2010
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 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).

	<i>Note</i>	July to March 2011	January to March 2011	July to March 2010	January to March 2010
9 Cost of sales		----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
Raw material and stores consumed		285,983,483	104,095,102	259,316,357	86,902,815
Salaries, wages and other benefits		22,583,236	7,392,151	22,673,311	7,312,713
Depreciation	5.2	8,033,200	(1,894,965)	9,348,978	3,169,022
Fuel and power		26,496,457	9,262,701	24,004,411	8,949,724
Repair and maintenance		4,001,946	1,738,975	4,909,767	981,625
Sample testing		534,506	108,780	1,268,702	358,659
Equipment hiring charges		2,052,895	212,100	33,118,723	11,710,239
Land rent and commission		2,274,997	1,024,999	1,875,044	624,999
Carriage and freight		455,381	282,506	327,721	282,521
Insurance expenses		2,045,427	725,903	1,177,495	342,503
		<u>354,461,528</u>	<u>122,948,252</u>	<u>358,020,509</u>	<u>120,634,820</u>

	July to March 2011	July to March 2010
10 Transactions with related parties		
	----- Rupees -----	
Associated Companies:		
ABE Pak (Private) Limited:		
Purchase of goods	10,380,721	6,684,490
Kaizen Construction (Private) Limited:		
Sale of goods	-	5,764,175
Concrete pump hired	-	1,620,000
Balance receivable	-	306,431
IGI Insurance:		
Insurance premium	2,005,850	673,116
Thatta Cement Limited:		
Purchase of goods	5,193,463	9,855,379
Al-Abbas Cement Limited:		
Purchase of goods	4,596,917	-
Arif Habib Ltd:		
Services rendered	-	1,750,000
Habib Metropolitan Bank Limited:		
Interest income	191,922	147,300
Tax deducted at source	47,531	37,331
Bank charges	4,596	13,930
Lease finance charges	92,917	125,932
Directors:		
Loan from directors	-	25,000,000
Interest on loan from directors	1,350,000	1,531,180
11 Cash flow from operating activities		
Loss before taxation	(1,172,215)	(6,146,469)
Adjustments of items not involving movement of cash:		
Depreciation	8,880,888	10,371,633
Interest income	(195,518)	(308,990)
Gain on sale of Fixed assets	(686,410)	-
Finance cost	9,372,659	9,265,139
	<u>17,371,619</u>	<u>19,327,782</u>
Operating profit before working capital changes	16,199,404	13,181,313
Adjustments for working capital items:		
(Increase) / decrease in current assets		
Trade debts	(18,469,687)	19,483,999
Stock in trade	(18,743,862)	192,548
Stores, spare parts and loose tools	(728,297)	947,994
Advances, prepayments and other receivables	3,167,010	(2,100,788)
Decrease / (increase) in current liabilities		
Trade and other payables	20,475,552	(19,267,696)
	<u>(14,299,284)</u>	<u>(743,943)</u>
Cash generated from operations	<u>1,900,120</u>	<u>12,437,370</u>

	July to March 2011	July to March 2010
12 Cash and cash equivalent	----- Rupees -----	
Cash and bank balances	2,559,283	10,202,043
Short term borrowings	<u>(52,163,419)</u>	<u>(27,838,392)</u>
	<u>(49,604,136)</u>	<u>(17,636,349)</u>

13 Date of authorization for issue

The financial statements were authorized for issue on April 25, 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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PRINTED MATTER

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