



Quarterly Report
September 30, 2010

Safe Mix Concrete Products Ltd.

CONTENTS

CORPORATE INFORMATION	2
DIRECTORS' REVIEW	3
CONDENSED INTERIM BALANCE SHEET	4
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT	5
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME.....	6
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY.....	7
CONDENSED INTERIM CASH FLOW STATEMENT	8
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS.....	9

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>
Tel: +92 21 3507 4581
Fax: +92 21 3507 4603

Board Audit Committee

Syed Yawar Ali
Chairman

Mr. Ziad Bashir
Member

Mr. Nasim Beg
Member

Bankers

Habib Metorpolitan 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 interim financial statements for the quarter ended 30th September 2010.

Overview

During the quarter under review, the company was still 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 have caused a loss during the quarter.

The management is considering revise its prices for different types of concrete to cater the above mentioned concerns but the challenge is for the management to tackle the competitors in the market.

The Company as a whole suffered a loss after tax during the current quarter amounting to Rs.2.436 million as compared to a profit of Rs.0.619 million during the corresponding quarter last year. The Company achieved sales of Rs.126.021 million showing a decline of 7.89% on a quarter to quarter basis and costs of sales also decreased by 6.23% which is in line with the decrease in sales.

Operating Results

	Quarter Ended 30th September	
	2010	2009
(Loss) / Profit before taxation	(987,057)	1,508,129
Taxation	(1,449,745)	(888,708)
(Loss) / Profit after taxation	<u>(2,436,802)</u>	<u>619,421</u>

Earnings per Share

Loss per share for the quarter ended is Rs. 0.12 per share as compared to earnings per share for the same quarter of the last year was Rs. 0.09 per share.

Future Outlook

In this competitive environment both in the industry and the country, the Company is striving to undertake some major projects and expects to come up with a better return to the shareholders.

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 support and cooperation received from all other stakeholders.

For and on behalf of the board



Syed Maratib Ali
Chief Executive Officer

Karachi: October 26, 2010

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT 30 SEPTEMBER 2010

	Unaudited 30 September 2010	Audited 30 June 2010
Note	----- Rupees -----	
Non - current assets		
Property, plant and equipment	5 198,105,672	201,884,739
Long term deposits	5,032,975	5,032,975
Current assets		
Stores and spares	2,017,370	1,144,034
Stock in trade	6 37,729,089	19,827,230
Trade debts	74,510,492	66,729,561
Advances, prepayments and other receivables	8,520,055	8,160,230
Tax refund due from Government	16,433,771	16,550,336
Cash and bank balances	7 4,368,698	6,690,219
	143,579,475	119,101,610
Current liabilities		
Trade and other payables	8 49,224,209	31,416,299
Accrued markup	2,450,043	2,232,700
Short term running finance - secured	47,617,037	42,249,522
Current portion of liabilities against assets subject to finance lease	2,039,184	1,935,792
	101,330,473	77,834,313
Net current assets	42,249,002	41,267,297
Non - current liabilities		
Long term loan - unsecured	15,000,000	15,000,000
Liabilities against assets subject to finance lease	5,229,956	5,780,042
Deferred liability - taxation	18,781,165	18,591,639
	206,376,528	208,813,330
Financed by:		
Share capital and reserves		
Issued, subscribed and paid up capital	200,000,000	200,000,000
Share premium	14,728,576	14,728,576
Accumulated Loss	(8,352,048)	(5,915,246)
	206,376,528	208,813,330
Contingencies and commitments		
	9	

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements


Chief Executive


Director

**CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2010**

	Quarter Ended 30 September 2010	Quarter Ended 30 September 2009
<i>Note</i>	----- Rupees -----	
Net Sales	126,021,877	136,810,422
Cost of sales	10 <u>119,545,867</u>	<u>127,397,322</u>
Gross profit	6,476,010	9,413,100
Administrative expenses	11 <u>5,975,102</u>	<u>6,757,496</u>
Operating profit	500,908	2,655,605
Finance cost	2,810,474	3,120,584
Other operating income	<u>1,322,509</u>	<u>1,973,108</u>
(Loss) / Profit before taxation	(987,057)	1,508,129
Taxation	12 (1,449,745)	(888,708)
(Loss) / Profit after taxation	<u>(2,436,802)</u>	<u>619,421</u>
(Loss) / Earnings per share - basic and diluted	<u>(0.12)</u>	<u>0.09</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements


Chief Executive


Director

**CONDENSED INTERIM
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2010**

	Quarter Ended 30 September 2010	Quarter Ended 30 September 2009
<i>Note</i>	----- Rupees -----	
(Loss) / Profit after taxation	(2,436,802)	619,421
Other Comprehensive Income	-	-
Total Comprehensive (Loss) / income for the period	(2,436,802)	619,421

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements


 Chief Executive


 Director

**CONDENSED INTERIM
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2010**

	Issued, subscribed and paid up capital	Share deposit money	Share Premium Reserve	Accumulated profit	Total
	----- Rupees -----				
Balance as at 1 July 2009	70,000,000	29,750,000	-	19,623,665	119,373,665
Changes in equity for the quarter ended 30 September 2009					
Total Comprehensive income for the quarter ended 30 September 2009	-	-	-	619,421	619,421
Balance as at 30 September 2009	70,000,000	29,750,000	-	20,243,086	119,993,086
Total comprehensive loss for the nine months period ended 30 June 2010	-	-	-	(12,158,332)	(12,158,332)
Transactions with shareholders recognized directly in equity					
Share Capital issued	130,000,000	(29,750,000)	-	-	100,250,000
Share premium reserve	-	-	25,000,000	-	25,000,000
Share issuance expenses	-	-	(10,271,424)	-	(10,271,424)
Cash dividend (Rs.2.00 per share)	-	-	-	(14,000,000)	(14,000,000)
	130,000,000	(29,750,000)	14,728,576	(14,000,000)	100,978,576
Balance as at 30 June 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>-</u>	<u>14,728,576</u>	<u>(8,352,048)</u>	<u>206,376,528</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements


Chief Executive


Director

**CONDENSED INTERIM
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2010**

	Quarter Ended 30 September 2010	Quarter Ended 30 September 2009
<i>Note</i>	----- Rupees -----	
Cash flow from operating activities		
(Loss) / profit before taxation	(987,057)	1,508,129
<i>Adjustments of items not involving movement of cash:</i>		
Depreciation	5,228,510	3,435,211
Interest income	(56,643)	(81,011)
Finance cost	2,810,474	3,120,584
	7,982,341	6,474,784
Operating profit before working capital changes	6,995,284	7,982,913
<i>Adjustments for working capital items:</i>		
Decrease / (Increase) in current assets		
Long term deposits	-	(20,000)
Trade debts	(7,780,931)	10,727,304
Stock in trade	(17,901,859)	1,288,775
Stores, spare parts and loose tools	(873,336)	(690,196)
Advances, prepayments and other receivables	(334,336)	(17,782)
	(26,890,462)	11,288,101
Increase in current liabilities		
Trade and other payables	17,807,910	10,848,398
Cash generated from operations	(2,087,268)	30,119,412
Taxes paid	(1,143,654)	(2,697,737)
Finance cost paid	(2,593,131)	(5,842,543)
	(3,736,785)	(8,540,280)
Net cash (used in) /generated from operating activities	(5,824,053)	21,579,132
Cash flow from investing activities		
Fixed capital expenditure	(1,449,442)	(205,505)
Interest received	31,153	81,011
Net cash used in investing activities	(1,418,289)	(124,494)
Cash flow from financing activities		
Repayment of liabilities against assets subject to finance lease	(446,694)	(363,150)
Repayment of loan	-	(2,000,000)
Repayment of share deposit money	-	(14,600,000)
Net cash used in financing activities	(446,694)	(16,963,150)
Net (decrease) / increase in cash and cash equivalents	(7,689,036)	4,491,488
Cash and cash equivalents at beginning of the year	(35,559,303)	(40,412,191)
Cash and cash equivalents at the end of the period	14 <u>(43,248,339)</u>	<u>(35,920,703)</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements


Chief Executive


Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2010

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. Statement of compliance

These condensed interim financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail.

2.1 Basis of Preparation

These condensed interim financial statements are unaudited and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi Exchange and have been prepared in accordance with the requirements of the International Accounting Standard 34 'Interim Financial Reporting', as applicable in Pakistan.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 30 June 2010.

3. Significant accounting policies

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended 30 June 2010.

4. Accounting Estimates

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment and make appropriate assumption in the application of accounting policies and the reported amounts of the assets and liabilities, income and expenses. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During preparation of these condensed interim financial statements, the significant judgment made by the management in applying the accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements of the Company for the year ended 30 June 2010.

		Unaudited 30 September 2010	Audited 30 June 2010
		----- Rupees -----	
5. Property, plant and equipment	Note		
Operating fixed assets		198,041,486	201,827,503
Capital work-in-progress		64,186	57,236
		<u>198,105,672</u>	<u>201,884,739</u>
5.1	During the current period, additions in operating fixed assets amounted to Rs. 1.442 million (30 September 2009: Rs. 0.172 million).		
6. Stock in trade			
<i>Raw materials:</i>			
-Crush		16,500,634	8,492,256
-Sand		15,698,668	7,704,855
-Cement		2,938,355	2,706,789
-Admixture / Chemicals		2,493,614	705,641
-Diesel & lubricants		97,818	217,689
		<u>37,729,089</u>	<u>19,827,230</u>
7. Cash and bank balances			
Cash in hand		119,664	180,655
Cash at bank			
-Current accounts	7.1	4,201,324	6,457,947
-Deposit accounts		47,710	51,617
		<u>4,249,034</u>	<u>6,509,564</u>
		<u>4,368,698</u>	<u>6,690,219</u>
7.1	This includes bank balance amounting to Rs. 4.151 million (30 June 2010: Rs.3.34 million) maintained with Habib Metropolitan Bank Limited a related party.		
8. Trade and other payables			
Creditors	8.1	38,435,754	21,188,668
Advances from customers		492,876	1,636,349
Director's remuneration payable		115,000	57,500
Accrued expenses		7,171,325	5,438,816
Withholding tax payable		174,934	260,646
Worker's welfare fund payable		586,060	586,060
Worker's profit participation fund		2,248,260	2,248,260
		<u>49,224,209</u>	<u>31,416,299</u>
8.1	It includes the balance due to Abe Pak (Private) Limited related party amounting to Rs.3.257 million (30 June 2010: Rs. 0.879 million).		
9. Contingencies and commitments			
	There is no significant contingencies and commitments at the balance sheet date (30 June 2010: Nil)		

		Quarter Ended 30 September 2010	Quarter Ended 30 September 2009
	Note	----- Rupees -----	
10. Cost of sales			
Raw material and stores consumed		92,097,156	94,180,624
Salaries, wages and other benefits		8,116,322	8,074,160
Depreciation		4,943,934	3,094,093
Fuel and power		8,942,856	7,888,886
Repair and maintenance		1,588,720	1,926,024
Equipment hiring charges		1,760,795	10,676,158
Carriage and freight		100,875	53,185
Insurance expenses		629,694	328,928
Premises rent		1,024,999	624,999
Site preparation and sample testing		252,016	459,945
Security Expenses		88,500	90,320
		<u>119,545,867</u>	<u>127,397,322</u>
11. Administrative expenses			
Salaries, wages and other benefits		2,822,673	3,622,524
Traveling and conveyance		515,118	330,955
Depreciation		284,576	341,119
Office rent		280,476	296,524
Sales Commission		653,501	882,474
Postage, telegram and telephones		198,773	180,727
Rent, rates and taxes		164,390	96,050
Insurance		289,025	137,408
Entertainment		70,565	57,450
Printing and stationery		151,423	39,044
Utilities		154,664	128,152
Advertisement		25,448	75,000
Legal and professional fee		35,285	57,500
Repair and maintenance vehicle		168,670	335,604
Donation and charity	11.1	8,500	-
Miscellaneous		152,015	176,965
		<u>5,975,102</u>	<u>6,757,496</u>
11.1	None of the Directors of the Company or any of their spouses have any interest in or otherwise associated with any of the recipients of donations made by the Company during the period.		
12. Taxation			
Current		1,260,219	684,052
Deferred		189,526	204,656
		<u>1,449,745</u>	<u>888,708</u>

13. Transactions with related parties

The related parties comprise associated undertakings, directors of the Company and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties, if any, are shown under trade and other payables. Significant transactions with related parties are as follows:

	Quarter Ended 30 September 2010	Quarter Ended 30 September 2009
	----- Rupees -----	
Associated Companies:		
Purchase of goods	<u>3,130,244</u>	<u>1,205,039</u>
Insurance premium	<u>1,217,047</u>	<u>1,122,306</u>
Purchase of Cement	<u>2,451,726</u>	<u>5,316,199</u>
Interest Income	<u>56,643</u>	<u>32,562</u>
Tax deducted at source	<u>14,079</u>	<u>19,795</u>
Bank charges	<u>2,160</u>	<u>29</u>
Lease finance charges	<u>33,934</u>	<u>44,492</u>
Directors:		
Interest on loan from directors	<u>600,000</u>	<u>781,180</u>
14. Cash and cash equivalent		
Cash and bank balances	<u>4,368,698</u>	<u>14,049,179</u>
Short term borrowings	<u>(47,617,037)</u>	<u>(49,969,882)</u>
	<u>(43,248,339)</u>	<u>(35,920,703)</u>
15. Financial Risk Management		

The Company's financial risk management objectives and policies are consistent with that disclosed in the financial statements of the Company for the year ended 30 June 2010.

16. Date of authorization for issue

These condensed interim financial statements were authorized for issue by the board of directors of the Company in their meeting held on 26 October 2010.

17. General

17.1 The figures have been rounded off to nearest rupee.


Chief Executive


Director

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