



**Nine months and
Third Quarterly Report
March 31, 2016**

CONTENTS

Company Information	02
Directors' Review Report	03
Condensed Interim Balance Sheet	04
Condensed Interim Profit and Loss Account (Un-audited)	05
Condensed Interim Statement of Comprehensive Income (Un-audited)	06
Condensed Interim Cash Flow Statement (Un-audited)	07
Condensed Interim Statement of Changes in Equity (Un-audited)	08
Notes to the Condensed Interim Financial Information (Un-audited)	09



Company Information

Board of Directors

Mr. Shahid Aziz Siddiqi - Chairman
Mr. Nasim Beg
Mr. Kashif Habib - Chief Executive Officer
Mr. Samad Habib
Syed Najamudduja Jaffri
Mr. Khalil Ahmed
Syed Muhammad Talha

Audit Committee

Mr. Nasim Beg - Chairman
Mr. Samad Habib
Syed Najamudduja Jaffri

Human Resources & Remuneration Committee

Mr. Samad Habib - Chairman
Mr. Kashif Habib
Syed Najamudduja Jaffri

Chief Financial Officer

Syed Muhammad Talha

Company Secretary

Mr. Mohammad Immad Ali

Auditors

Naveed Zafar Ashfaq Jaffery & Co., Chartered Accountants

Legal Advisor

Minto & Mirza, Advocates & Corporate Counsel

Bankers and Financial institutions

Bank Islami Pakistan Limited
Habib Metropolitan Bank Limited
The Bank of Punjab
Bank Alfalah Limited
First Habib Modaraba

Registered Office

Plot # 1,6 sector # 26, Bilal Chowrangi Korangi Industrial Area, Karachi.
Tel # +92 21 35074581-84
Fax # +92 21 35074603
www.safemixlimited.com

Shares Registrar

THK Associates (Private) Limited
Ground Floor, State Life Building No. 3,
Dr. Ziauddin Ahmed Road
Karachi.

Directors' Review Report

The Board of Directors of Safe Mix Concrete Limited - formerly Safe Mix Concrete Products Limited present herewith condensed financial information for the period ended March 31, 2016.

Over view

During the period under review, the Company successfully increased its Profit Before Tax (PBT) by Rs 1.594 million witnessing a growth of 12.50 % in PBT. There has been a decline in revenue by 52.93 % as a result of new cash flow management strategy whereby the Company has pursued with its customers to provide raw material hence the selling price has reduced which resulted in decrease in total sales amount. As a result of this strategy the cash flow of the Company has improved and the finance costs have also decreased by 12.22 %. Operational efficiency has further contributed towards increase in gross profit margin of the company resulting in increase in PBT. The Company is determined to adopt new marketing strategies to capture the growing market of ready mix services.

Operating results

	Nine months ended March 31	
	2016	Resated 2015
Profit before taxation	14,350,753	12,755,831
Taxation	(5,476,236)	(1,847,460)
Profit after taxation	<u>8,874,517</u>	<u>10,908,371</u>

Earnings per share

Earnings per share for the nine months period ended amounted to Rs.0.35 per share as compared to earnings per share for the corresponding period of the last year of Rs. 0.54 per share.

Future Outlook

Development work undertaken by the government and enhanced spending by the private sector on construction activities have increased the demand for ready mix concrete. Particularly, China Pakistan Economic Corridor (CPEC) and declining interest rates are likely to boost the economic activity in the country. The company plans to focus on the southern region of the country as a result of more legal support in terms of mandatory use of ready mix concrete and planned infrastructure improvements by Government including transport network. To cater to the growing demand and to gain competitive edge in the industry, the company is striving to improve its infrastructure and increase delivering capacity. The Company & its management along with the support of its qualified human resources is continuing to strive, to undertake additional projects, minimize costs and expects to come up with a better return. Shareholders of the Company stand to gain significantly in terms of returns and value in the long term.

Acknowledgement

The management of the Company would like to thank all the financial institutions, customers, individuals and staff members who have been associated with the Company for their support and cooperation. Further, we would also like to thank SECP and the management of KSE for their continued support and guidance.

For and on behalf of the Board



Kashif Habib
Chief Executive Officer

Karachi: April 28, 2016

Condensed Interim Balance Sheet

As at March 31, 2016

	Note	Un-audited 31 March 2016 (-----Rupees-----)	Audited 30 June 2015
ASSETS			
Non - current assets			
Property, plant and equipment	6	195,259,726	199,896,416
Long term deposits		18,061,850	18,121,350
Deferred taxation		3,234,906	6,366,299
		<u>216,556,482</u>	<u>224,384,065</u>
Current assets			
Stores and spares		6,438,555	6,559,015
Stock in trade		34,114,345	24,290,302
Trade debts - unsecured considered good		126,935,528	134,566,806
Advances, prepayments and other receivables - unsecured considered good		10,804,683	13,499,510
Taxation - net		38,744,987	37,438,968
Cash and bank balances		12,077,754	17,568,858
		<u>229,115,852</u>	<u>233,923,459</u>
TOTAL ASSETS		<u>445,672,334</u>	<u>458,307,524</u>
EQUITY AND LIABILITIES			
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		250,000,000	250,000,000
Share premium		14,728,576	14,728,576
Accumulated profit		42,272,953	33,398,436
		<u>307,001,529</u>	<u>298,127,012</u>
Liabilities			
Current liabilities			
Trade and other payables		79,005,005	92,907,424
Accrued markup		1,120,985	1,151,297
Short term finance - secured	7	58,544,815	66,121,791
		<u>138,670,805</u>	<u>160,180,512</u>
TOTAL EQUITY AND LIABILITIES		<u>445,672,334</u>	<u>458,307,524</u>
Contingencies and commitments	8		

The annexed notes form an integral part of this condensed interim financial information.



Chief Executive



Director

Condensed Interim Profit and Loss Account (Un-audited)

For the period ended March 31, 2016

	Note	2016		2015 (Restated)	
		July to March	Jan to March	July to March	Jan to March
-----Rupees-----					
Revenue		234,484,258	68,960,807	498,119,534	169,492,373
Cost of sales	9	(205,692,129)	(56,760,214)	(456,325,969)	(152,446,372)
Gross profit		28,792,129	12,200,593	41,793,565	17,046,001
Selling and administrative expenses		(17,059,577)	(4,946,931)	(26,550,588)	(8,759,083)
Operating profit		11,732,552	7,253,662	15,242,977	8,286,918
Finance cost		(4,728,916)	(1,006,712)	(5,387,035)	(1,500,654)
Other income		7,347,117	362,120	2,899,889	1,515,030
Profit before taxation		14,350,753	6,609,070	12,755,831	8,301,294
Taxation		(5,476,236)	(2,998,897)	(1,847,460)	(2,238,563)
Profit after taxation		8,874,517	3,610,173	10,908,371	6,062,731
Earnings per share-basic and diluted		0.35	0.14	0.54	0.30

The annexed notes form an integral part of this condensed interim financial information.



Chief Executive



Director

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the period ended March 31, 2016

	2016		2015 (Restated)	
	July to March	Jan to March	July to March	Jan to March
Note	-----Rupees-----			
Profit after taxation	8,874,517	3,610,173	10,908,371	6,062,731
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>8,874,517</u>	<u>3,610,173</u>	<u>10,908,371</u>	<u>6,062,731</u>

The annexed notes form an integral part of this condensed interim financial information.



Chief Executive



Director

Condensed Interim Cash Flow Statement (Un-audited)

For the period ended March 31, 2016

	Note	July to March 2016	July to March 2015 (Restated)
(-----Rupees-----)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		14,350,753	12,755,831
Adjustments for:			
Depreciation		6,796,543	7,433,283
Interest income		(287,770)	(437,848)
Gain on sale of fixed assets		(6,241,430)	(648,393)
Finance cost		4,728,916	5,387,035
		<u>4,996,259</u>	<u>11,734,077</u>
Cash generated from operations before changes in working capital		19,347,012	24,489,908
Changes in working capital (Increase) / decrease in current assets			
Trade debts		7,631,278	(21,329,928)
Stores and spares		120,460	297,655
Stock in trade		(9,824,043)	(4,055,640)
Advances, prepayments and other receivables		2,694,827	(122,494)
		<u>622,522</u>	<u>(25,210,407)</u>
(Decrease) / increase in current liabilities			
Trade and other payables		(13,902,419)	(365,894)
Cash generated from / (used) in operating activities		<u>6,067,115</u>	<u>(1,086,393)</u>
Taxes paid		(3,650,862)	(708,808)
Finance cost paid		(4,759,229)	(7,165,967)
Long term deposits		59,500	(3,308,260)
		<u>(8,350,591)</u>	<u>(11,183,035)</u>
Net cash used in operating activities		<u>(2,283,476)</u>	<u>(12,269,428)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(18,668,422)	(13,981,406)
Proceeds from sale of fixed assets		22,750,000	985,000
Interest income received		287,770	437,848
Net Cash generated from / (used in) investing activities		<u>4,369,348</u>	<u>(12,558,558)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Loan from related party		-	(8,500,000)
Proceeds from issue of shares		-	50,000,000
Net cash generated from financing activities		<u>-</u>	<u>41,500,000</u>
Net (decrease) / increase in cash and cash equivalents		2,085,872	16,672,014
Cash and cash equivalents at the beginning of the period		(48,552,933)	(59,897,859)
Cash and cash equivalents at the end of the period	11	<u>(46,467,061)</u>	<u>(43,225,845)</u>

The annexed notes form an integral part of this condensed interim financial information.



Chief Executive



Director

Condensed Interim Statement of Changes in Equity

For the period ended March 31, 2016

	Issued, subscribed and paid-up capital	Share Premium reserve	Accumulated Profit	Total
	(----- Rupees -----)			
Balance as at 30 June 2014 - audited - restated	200,000,000	14,728,576	9,908,120	224,636,696
Total comprehensive income for the period ended 31 March 2015 - restated	-	-	10,908,371	10,908,371
Issue of right shares	50,000,000	-	-	50,000,000
Balance as at 31 March 2015 un-audited - restated	<u>250,000,000</u>	<u>14,728,576</u>	<u>20,816,491</u>	<u>285,545,067</u>
Balance as at 30 June 2015 - audited	250,000,000	14,728,576	33,398,436	298,127,012
Total comprehensive income for the period ended 31 March 2016	-	-	8,874,517	8,874,517
Balance as at 31 March 2016 - un-audited	<u>250,000,000</u>	<u>14,728,576</u>	<u>42,272,953</u>	<u>307,001,529</u>

The annexed notes form an integral part of this condensed interim financial information.



Chief Executive



Director

Notes to the Condensed Interim Financial Information (Un-audited)

For the period ended March 31, 2016

1 Status and nature of business

Safe Mix Concrete Limited ("the Company") (formerly Safe Mix Concrete Products Limited) 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 the 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 to provide ready mix services. 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 nine-month period ended 31 March 2016 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.

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 2015.

This condensed interim financial information is being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

This condensed interim financial information has been presented in Pakistani Rupees, which is the functional currency of the Company. The figures are rounded off to the nearest rupee.

3 ESTIMATES

In preparing this condensed interim financial information, management makes 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.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements of the Company as at and for the year ended 30 June 2015.

4 SIGNIFICANT ACCOUNTING POLICIES

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 2015.

Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period were either not relevant to the Company's operations or did not have any significant impact on the accounting policies of the Company.

5 RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS

During the year than ended June 30, 2015, the Company has restated its prior period financial statement in accordance with International Accounting Standard (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors" to account for derecognition of Leased assets and its related liability against assets subject to finance lease and it has accounted for such assets, obtained under Ijarah Financing arrangements, in accordance with Islamic Financial Accounting Standard (IFAS) No. 2 "Ijarah" as notified by SECP vide S.R.O. 431 (I) / 2007 on 22 May 2007 which requires the Ijarah payments under such arrangements to be recognised as an expense over the ijarah term.

	Note	Un-audited 31 March 2016 (-----Rupees-----)	Audited 30 June 2015
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	192,384,686	195,265,263
Capital work in progress		2,875,040	4,631,153
		<u>195,259,726</u>	<u>199,896,416</u>
6.1 Operating fixed assets			
Opening book value		195,265,263	172,937,824
Add: Additions/transfers during the period	6.2	20,424,535	33,132,555
Less: Disposals during the period - NBV		(16,508,569)	(349,807)
Depreciation charged during the period		(6,796,543)	(10,455,309)
Net book value		<u>192,384,686</u>	<u>195,265,263</u>

	Note	Un-audited 31 March 2016 (-----Rupees-----)	Audited 30 June 2015
6.2 Break-up of additions / transfers			
Owned assets:			
Plant and machinery		19,064,461	32,367,730
Buildings		917,652	253,495
Vehicles		238,000	322,290
Computers		138,130	112,940
Office and other electrical equipment		44,292	39,550
Furniture and fixtures		22,000	36,550
		20,424,535	33,132,555

7 SHORT TERM RUNNING FINANCE - SECURED

	Limit in million of Rupees	Note	Un-audited 31 March 2016 (-----Rupees-----)	Audited 30 June 2015
Running finance			47,044,815	66,121,791
Murabaha finance	120	7.1	11,500,000	-
			58,544,815	66,121,791

7.1 This represents utilized portion of short term running finance facility and murabaha facility available from the Bank of Punjab under mark-up arrangement. This facility is secured by way of first charge over present and future fixed and current assets of the Company amounting to Rs. 160 million each. It carries mark up at the rate of matching KIBOR plus 200 bps (June 30, 2015: NIL) per annum. Tenor of Sub murabaha is upto 120 days.

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

8.1.1 Section 113(2)(c) of the Income Tax Ordinance, 2001 was interpreted by a Divisional Bench of the Sind High Court (SHC) in the Income Tax Reference Application (ITRA) No. 132 of 2011 dated 7th May 2013, whereby it was held that the benefit of carry forward of minimum tax is only available in the situation where the actual tax payable in a tax year is less than minimum tax. Therefore, where there is no tax payable, inter alia, due to brought forward tax losses, minimum tax could not be carried forward for adjustment with future tax

liability. The Company has carried forward minimum tax of current and previous years amounting to Rs. 18.602 million and the Company expects to adjust the amount against the future taxable profits. The management is of the view that the interpretation of SHC has been challenged in the Supreme Court of Pakistan and they are waiting for its final outcome.

8.1.2 Tax Authorities have conducted proceedings of withholding tax under section 161 of Income Tax Ordinance, 2001 for tax year 2012 and created an arbitrary demand of Rs. 11.252 million. The Company's appeal before CIR (A) / Appellate Tribunal Inland Revenue (ATIR) is pending for adjudication. The management is confident that the appeal will be decided in favor of the company; therefore, no provision has been made against the said demand of Rs. 11.252 million.

8.2 Commitments

There were no significant commitments at the Balance Sheet date (30 June 2015: Nil).

2016		2015	
Un-audited July to March	Un-audited Jan to March	Un-audited July to March	Un-audited Jan to March
			(Restated)
-----Rupees-----			

9 COST OF SALES

Raw material and stores consumed	103,818,115	18,054,195	351,629,139	117,869,256
Salaries, wages and other benefits	23,813,394	9,400,576	32,429,559	9,804,200
Depreciation	6,641,543	2,291,226	7,286,895	2,539,843
Lease rentals	14,496,797	6,810,588	4,569,876	1,523,292
Fuel and power	11,496,131	3,972,832	35,624,822	6,201,935
Repair and maintenance	2,333,717	486,868	5,270,430	1,467,232
Sample testing	164,220	23,120	314,871	101,900
Equipment hiring charges	9,643,215	1,401,967	4,369,520	2,182,935
Carriage and freight	28,410,171	12,732,100	9,029,838	8,887,296
Land rent	2,980,947	831,999	4,067,398	1,373,949
Insurance expenses	1,893,878	754,743	1,733,621	494,534
	205,692,129	56,760,214	456,325,969	152,446,372

10 TRANSACTIONS WITH RELATED PARTIES

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.

Detail of transactions and balances with related parties are as follows:

	Un-audited July to March 2016	Un-audited July to March 2015
	(-----Rupees-----)	
10.1 Transactions with related parties		
Associated Companies:		
Power Cement Limited		
Purchase of cement	59,410,330	20,953,503
Thatta Cement Company Limited		
Purchase of cement	7,762,444	-
Javedan Corporation Limited		
Sale of goods	19,287,716	4,117,300
	Un-audited March 2016	Audited June 2015
	(-----Rupees-----)	
10.2 Balances with related parties		
Associated companies:		
Power Cement Limited		
Payable against purchase of cement	8,042,452	8,154,267
Thatta Cement Company Limited		
Payable against purchase of cement	76,618	-
Javedan Corporation Limited		
Advance against supply of goods	-	1,410,000
Receivable against supply of goods	7,411,806	-

<u>Un-audited</u> <u>31 March</u> <u>2016</u>	<u>Un-audited</u> <u>31 March</u> <u>2015</u>
(-----Rupees-----)	

11 CASH AND CASH EQUIVALENTS

Cash and bank balances	12,077,754	1,167,677
Short term borrowings	(58,544,815)	(44,393,522)
	<u>(46,467,061)</u>	<u>(43,225,845)</u>

12 OPERATING SEGMENTS

The financial information has been prepared on the basis of a single reportable segment.

12.1 Revenue from sale of ready mix concrete represents 100% (2015: 100%) of the gross sales of the Company.

12.2 100% (2015: 100%) of the gross sales of the Company were made to customers located in Pakistan.

12.3 All non-current assets of the Company as at 31 March 2016 are located in Pakistan.

13 DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial information was authorized for issue on April 28, 2016 by the Board of Directors of the Company.

14 CORRESPONDING FIGURES

Corresponding figures have been re-arranged, where necessary, for the purpose of comparison.



Chief Executive



Director



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